Thursday, 5th March, 1931

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume II, 1931

(19th February to 11th March, 1931)

FIRST SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1931

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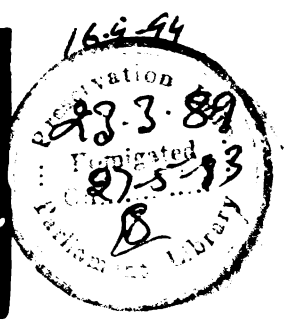

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LEGISLATIVE ASSEMBLY.

Thursday, 5th March, 1931.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBERS SWORN:

Mr. Hormusji Peroshaw Mody, M.L.A. (Bombay Millowners' Association: Indian Commerce); and

Bhai Parmanand Devta Sarup, M.L.A. (Ambala Division: Non-Muhammadan).

QUESTIONS AND ANSWERS.

PROTECTION FOR THE CHEMICAL INDUSTRY.

792. ***Mr. N. M. Dumasia:** (*a*) Will Government be pleased to state whether the Dharamsi Morarji Chemical Company applied to the Government of India for protection of the chemical industry? If so, when?

(*b*) When was the Tariff Board asked by Government to report on the industry?

(*c*) Has the Tariff Board reported to Government? If so, when was the report submitted?

(*d*) What has the Government of India done with the report of the Tariff Board?

(*e*) Why has it not been released for publication and why have not Government taken any action on the report?

The Honourable Sir George Rainy: (*a*) Yes; early in 1925.

(*b*) On the 16th July, 1928.

(*c*) Yes in July, 1929.

(*d*) and (*e*). The Report raises difficult and complicated questions, different in character from those which have presented themselves in connection with the other Reports of the Tariff Board, and the study of these questions has necessarily taken up a considerable amount of time. The forecast which I gave on a previous occasion as to the probable date of publication proved to be altogether too sanguine, and I am reluctant therefore to commit myself to a definite date now. But special steps are being taken to expedite matters, and as soon as Government have arrived at their conclusions, the Report will be published.

Mr. N. M. Dumasia: How long will it take to submit the Report?

The Honourable Sir George Rainy: Will the Honourable Member kindly repeat his question?

Mr. N. M. Dumasia: How long will it take to submit, to issue the Report?

The Honourable Sir George Rainy: I am afraid I do not follow the word "submit" in that connection.

Mr. N. M. Dumasia: How long will it take to release the Report?

The Honourable Sir George Rainy: I have said in my answer to the question that I cannot give a definite date, but if towards the end of the session the Honourable Member will put down a "short notice" question, I think with your permission, Sir, I may be able by then to give him some definite information.

Mr. N. M. Dumasia: Thank you.

SAFEGUARDING OF THE INTERESTS OF THE SALT INDUSTRY

793. ***Mr. N. M. Dumasia:** Are Government aware of the low prices of salt prevailing in Calcutta? Do they know that these low rates have an extremely adverse effect on the Indian salt industry? If so, what steps do they propose to take to safeguard the interests of the salt industry? Have they received representations from commercial bodies in this matter and, if so, what are the suggestions made by them?

The Honourable Sir George Schuster: I would refer the Honourable Member to the statement that I made in this House on the whole subject on the 26th January.

PRICE-CUTTING BY THE SWEDISH MATCH SYNDICATE.

794. ***Mr. N. M. Dumasia:** Has the attention of Government been drawn to the complaints made by the Match Manufacturers' Association regarding price-cutting by the Swedish Syndicate? If so, what action do they propose to take to protect the interests of Indian match-manufacturing concerns?

The Honourable Sir George Rainy: Yes. On receipt of a communication from the Association, the Government of India instituted an enquiry. That enquiry is not yet complete, but they received a report a few days ago which is now under examination. They are not yet in a position to say what action they propose to take.

INDIAN TRADE COMMISSIONERS.

795. ***Mr. N. M. Dumasia:** (*a*) Will Government be pleased to say how far the scheme of appointing Indian Trade Commissioners at different places has advanced? When do they expect to complete their scheme of appointing six Indian Trade Commissioners?

(*b*) Is it a fact that they do not contemplate appointing such an Indian Trade Commissioner in France? Is it a fact that the trade of India with France occupies in Europe the third place?

The Honourable Sir George Rainy: An officer has been selected for the post of Indian Trade Commissioner at Hamburg and will assume charge of his office this year. Steps are also being taken to make a selection this year for the post of Indian Trade Commissioner at Milan through the

Public Service Commission, the selection for this post being made from persons not in the service of Government. Further progress with the scheme has been delayed by the existing financial stringency and Government are not in a position to say when the scheme will be completed.

(*b*) The sanctioned scheme does not include a post in France. It is true that Indian trade with France occupies the position indicated by the Honourable Member, but after a very careful survey of the ground by the High Commissioner and the Trade Commissioner in London, the Government of India decided that Hamburg and Milan were the best centres from which to start for Northern and Southern Europe, respectively.

Dewan Bahadur T. Rangachariar: May I ask whether, apart from the other duties of the Trade Commissioners, they will be asked to submit reports of the general condition of the Indians settled in those countries where our Trade Commissioners are sent?

The Honourable Sir George Rainy: I think I should have notice of that question, Sir, before I could answer it.

Mr. N. M. Dumasia: Will the Honourable Member be pleased to state when Trade Commissioners will be appointed for Durban and Alexandria?

The Honourable Sir George Rainy: I am afraid, Sir, that entirely depends upon the financial conditions.

Mr. H. P. Mody: May I know from the Honourable Member whether it was not understood, when it was arranged that a few Trade Commissioners should be appointed, that one should be at Alexandria and another at Hamburg or Milan. I understood from the Honourable Member that both the Commissioners are being appointed for Europe, but the understanding, so far as my recollection goes, was that one of the appointments was to be either in Durban or in Alexandria. Is that a fact?

The Honourable Sir George Rainy: My Honourable friend is perfectly correct. The original idea was that one should be appointed in the European group and one in the Indian Ocean group. The reason why the actual course of action was taken was this that earlier in the year, in accordance with a desire expressed by the Standing Finance Committee, we hoped to make three appointments this year, and the Public Service Commission were asked to recruit for the Milan appointment as the third. It was not till after that that the full effect of the financial stringency was realized, and it became impossible to proceed with the Alexandria appointment.

Mr. H. P. Mody: Will the Honourable Member consider the advisability of dropping the idea of appointing a Trade Commissioner at Milan and substitute one at Durban or Alexandria instead?

The Honourable Sir George Rainy: I am afraid the difficulty would be that the selection of a candidate for the Milan appointment necessarily involves the consideration of qualifications for that appointment, and for the candidate to be selected for Alexandria quite different qualifications would be required. I am afraid therefore that the course suggested is not practicable.

MISMATCHED CURRENCY NOTES.

796. *Mr. N. M. Dumasia: Has the attention of Government been drawn to the feeling in the commercial community, both Indian and European, that rules regarding refund in the case of mis-matched currency notes are not satisfactory and cause a good deal of hardship? If so, do they propose undertaking an immediate revision thereof?

The Honourable Sir George Schuster: Copies of communications received from different public bodies were laid on the table of the House in reply to Mr. S. C. Mitra's unstarred question No. 191 on the 23rd September, 1929. For the reasons given in the reply to part (*b*) of that question, the Government of India do not propose to revise the rules.

DEPRESSION IN TRADE ATTRIBUTED TO THE 1*s.* 6*d.* RATIO.

797. *Mr. N. M. Dumasia: Are Government aware that all the Indian Merchants' Chambers and other commercial bodies attribute to a large extent the present depression of trade in India to the ratio of the rupee?

The Honourable Sir George Schuster: With your permission, Sir, I shall answer questions 797 and 798 together.

Government are aware that such an opinion has been frequently expressed. Those who advance it do not seem to take account of the fact that the trade depression is world wide.

COMMERCIAL AND INDUSTRIAL DISCONTENT ATTRIBUTED TO THE 1*s.* 6*d.* RATIO.

†798. *Mr. N. M. Dumasia: Are Government aware that the present acute discontent prevailing in commercial and industrial circles in Bombay is attributed to the rupee ratio?

‡799—800.

TRANSFER FROM GHAZIPUR TO LUCKNOW OF THE HEADQUARTERS OF THE COMMISSIONER OF INCOME-TAX, UNITED PROVINCES.

801. *Rai Bahadur T. N. Bhargava: Will Government be pleased to state:

(*a*) if they are aware that the Headquarters of the Income-Tax Commissioner, United Provinces, is at Ghazipur, a town situated in a distant corner of the United Provinces;

(*b*) if they are aware that Lucknow is the most central place in the United Provinces and is the Headquarters of the United Provinces Government;

(*c*) if they have considered the advisability of shifting the Headquarters of the Income-Tax Commissioner to Lucknow; if so, when; and, if not, why not?

The Honourable Sir George Schuster: (*a*), (*b*) and (*c*). At present a considerable economy is effected by combining the appointments of Opium

†For answer to this question, *see* answer to question No. 797.
‡These questions were withdrawn by the questioner.

Agent and Commissioner of Income-tax, United Provinces. So long as that arrangement continues, it is essential that the Headquarters of the Commissioner of Income-tax should be at Ghazipur. It has of course been usual, however, for the Commissioner to tour throughout the provinces. Should the appointments of Opium Agent and Commissioner of Income-tax be permanently separated hereafter the Government will consider the Honourable Member's suggestion.

RECRUITMENT OF INDIAN ENGINEERING SERVICES.

802. *Rai Bahadur T. N. Bhargava: Will Government be pleased to state:

(a) if it is a fact that last year eleven vacancies were announced in the all-India engineering services by open competition and six to be filled by nomination;

(b) if all the vacancies have been filled up, and, if so, how;

(c) if it is a fact that in the rules it is stated that only such candidates would be nominated who had qualified themselves at the examination by securing a certain percentage of marks;

(d) if any person has been appointed who was not qualified, and, if so, why;

(e) if it is a fact that the Government have on occasions increased the number of appointments by open competition if in any examination a candidate of a minority community has succeeded in the open competition;

(f) if it is not a fact that last year in the Indian Civil Service examination it was originally announced that only seven persons would be taken by open competition, and that after the results were out and when a member of the minority community had succeeded, it was announced that eight persons would be taken instead of seven;

(g) if it is a fact that at the last year's examination for the all-India Engineering Services one Anglo-Indian was successful in the open competition but that the number of vacancies was not increased; if so, why?

Mr. J. A. Shillidy: (a) Yes, excluding one vacancy, which was reserved for a Burman.

(b) Yes, eleven by competition and six by nomination.

(c) Yes.

(d) Of the six appointed by nomination, four had qualified at the examination and the other two were already in service as temporary engineers.

(e) Yes.

(f) Yes.

(g) Yes, in the Railway Engineering Service. The number of vacancies to be filled by competition was not increased, as the composition of this Service at the time did not justify such a course.

RECRUITMENT OF THE INDIAN ENGINEERING SERVICES.

803. *Rai Bahadur T. N. Bhargava: Will Government be pleased to state what is their policy in regard to the competitive examination and nomination for recruitment to the all-India engineering services?

Mr. J. A. Shillidy: The Honourable Member will be supplied with a copy of the rules regulating the recruitment to these services.

DEPUTATION OF SIR HENRY HOWARD TO ASSIST IN THE FINANCIAL SETTLEMENT BETWEEN BURMA AND INDIA.

804. *U. Tun Aung: (*a*) Has the attention of Government been drawn to the statement made as below by the Governor of Burma in his address to the Burma Legislative Council on the 12th February, 1931:

" . . . . We have been fortunate to secure the services of Sir Henry Howard to assist us in our negotiations with the Government of India as to the financial settlement with India . . . "

(*b*) If so, will Government be pleased to state:

(i) whether the services of the said Sir Henry Howard were secured by the Burma Government on its own motion or were placed at their disposal by the Government of India;

(ii) whether such financial settlement will entail any expenditure and if so, how much and for how long;

(iii) whether such settlement will proceed on the basis that Burma is to be separated from India; if so, what are the conditions attached to the separated Burma; and

(iv) whether this settlement will in any manner prejudice the question of separation of Burma as may be hereafter determined by the people of Burma?

The Honourable Sir George Schuster: (*a*) Yes.

(*b*) (i) The services of Sir Henry Howard were secured through the Secretary of State at the request and on the motion of the Burma Government.

(ii) I am unable to say at present what the financial effects of a settlement would be if arrived at.

(iii) and (iv). A financial settlement will only be necessary as part of the general plan of separation, if that is finally accomplished. The work on which Sir Henry Howard is now engaged will not prejudice the issue in any way. As was stated by the Governor of Burma in the passage from his speech to which reference was made in paragraph (*a*) of this question, "The idea is that the two Governments should in consultation prepare an agreed statement of the case and that this statement should be submitted to some kind of arbitral body".

APPOINTMENTS IN THE GENERAL POST OFFICE, RANGOON.

805. *U. Tun Aung: (1) Will Government be pleased to state:

(*a*) whether it is a fact that there existed three vacancies in the lowest Selection Grade of Rs. 160—10—250 in the Rangoon General Post Office cadre on the date of the issue of the

Director-General, Posts and Telegraphs' Special General Circular No. 16, dated the 18th August, 1930;

(*b*) whether the orders contained in the Director-General, Posts and Telegraphs' Express Letter No. S. A.-252 (4), dated the 15th October, 1930, addressed to the Postmaster-General, Burma have been carried out in making promotions to the lowest Selection Grade posts in the Burma Circle?

(*c*) whether it is a fact that one Mr. U. L. Ghosh, clerk, Rangoon General Post Office, was given the officiating appointment in the fifth vacancy in the Rangoon General Post Office in accordance with the Director-General, Posts and Telegraphs' orders referred to in part (*b*) above; and

(*d*) whether Mr. U. L. Ghosh was subsequently reverted although there existed a fifth vacancy?

(2) If the reply to part (*d*) above is in the affirmative, will Government be pleased to state whether, with a view to remove any misunderstanding on the interpretation of the Director-General, Posts and Telegraphs' orders, they propose to issue clear instructions to the Postmaster-General, Burma Circle?

Mr. H. A. Sams: (1) and (2). Government have no information. If any individual considers that he has been adversely affected by the Postmaster-General's interpretation of the Director-General's order, it is open to him to represent the matter through the usual channels.

SECRETARIES AND JOINT SECRETARIES IN THE GOVERNMENT OF INDIA SECRETARIAT.

806. ***Mr. S. C. Mitra:** Will Government be pleased to lay on the table a statement giving the names of all Secretaries and Joint Secretaries in the Government of India and the tenure attached to their offices?

The Honourable Sir James Crerar: The names of the Secretaries and Joint Secretaries to the Government of India will be found in the Government of India Directory corrected to December 1930, a copy of which is available in the Library of the House. The tenure of these appointments is limited to three years, unless specially extended by the Government of India.

EXPENDITURE ON THE SOUTH INDIAN RAILWAY FOR RAISING THE RAILHEAD AT KALLAI.

807. ***Mr. K. P. Thampan:** (*a*) Has the attention of Government been drawn to an article entitled "What is wrong and where" at page 164 in its issue for August, 1930, of the *Indian Railway Magazine*?

(*b*) Is it a fact that the South Indian Railway stands committed to an expenditure of over Rs. 30,000 in connection with the raising of the railhead at Kallai by acceding to the proposals of the Calicut Municipality?

(*c*) Is it intended to recover this amount from the Calicut Municipality?

Mr. A. A. L. Parsons: (*a*) Yes.

(*b*) and (*c*). I am making enquiries from the Railway Administration, and will communicate with the Honourable Member.

EXTENSIONS OF SERVICE IN THE RAILWAY DEPARTMENT.

808. *Mr. K. P. Thampan: Will Government be pleased to state:

(a) whether there are any definite principles or rules governing the extension of services in the Railway Department; if so, what are they;

(b) if it is a fact that Mr. Achuthan, the Station Master of Calicut, and Mr. Srinivasa Iyengar, the Station Master of Chingalpet, have been refused extensions;

(c) how many extensions were given to Mr. Hill, the Station Master of Ootacamund, now retired;

(d) how many extensions have already been given to Mr. Storer, the Station Master of Trichinopoly Junction, Mr. Parker, the Station Master of Erode and Mr. Merit, the Station Master of Egmore, and whether it is proposed to give them further extensions?

Mr. A. A. L. Parsons: (a) Rule 56 of the Fundamental Rules applies to railway services of Government.

(b) to (d). Government have no information.

RECRUITMENT TO THE OFFICE OF THE ACCOUNTANT GENERAL, CENTRAL REVENUES, AND THE PAY AND ACCOUNTS OFFICE, DELHI.

809. *Mr. K. P. Thampan: Will Government be pleased to state if it is a fact that in the offices of the Accountant General, Central Revenues, and Pay and Accounts Office, Delhi, a standing order has been issued excluding Madrasees and Bengalees from sitting for the examinations for the recruitment of clerks to those offices? If so, why?

The Honourable Sir George Schuster: The rules for the competitive examination for admission to the offices mentioned exclude all persons who are not *bonâ fide* residents of the United Provinces, the Punjab and Delhi. The attention of the Honourable Member is invited to the reply to part (b) of Mr. Bhuput Sing's question No. 620, a copy of which has been placed in the Library of the Legislative Assembly.

DUTY ON COPRA IMPORTED INTO CEYLON.

810. *Mr. K. P. Thampan: Will Government be pleased to state whether it is a fact that Government have received representations from the merchants of Ceylon for the abolition or reduction of duty on imported *copra* and other cocoanut produces; if so, do Government propose to take any action in the matter?

The Honourable Sir George Rainy: No. A representation was, however, received from the Government of Ceylon asking whether the Government of India would consider a reduction in the duty on cocoanut products. Government do not propose to take action of the kind suggested.

GRANT OF DISABILITY PENSIONS TO CERTAIN JAMADARS OF THE INDIAN MEDICAL DEPARTMENT.

811. ***Khan Bahadur Haji Wajihuddin:** (1) Will Government be pleased to state if they are aware that:

(*a*) certain members of the Indian Medical Department who served in Waziristan in 1926, as Jamadars resigned after long services of no less than 19 years;

(*b*) they could not discharge their duties in Waziristan on account of ill-health and bad climate of the country;

(*c*) they had contracted disability (colitis) by serving in the Great War;

(*d*) applications submitted by them for long leave due to them were not forwarded, for unknown reasons, to higher authority for sanction as required by Army Regulations;

(*e*) their applications requesting to be examined by Medical Boards were not given any consideration leaving no alternative for them, under the circumstances, except resigning the service;

(*f*) their subsequent applications for withdrawal of their resignations recommended by the Officer Commanding for the purpose of bringing them before a Medical Board and allowed by the Regulations were rejected by the Northern Command (for precedents see notifications published in the Gazette of India, Nos. 1752, 932, 311, 1087, 1665 of 1921, and 562 of 1922, and 931, 1451 of 1924, showing withdrawal of similar resignations tendered by members of the Department having subsequently been sanctioned by Government);

(*g*) a civil and again a Military Board examined them subsequently at Peshawar and found them really suffering from the disease and recommended the grant of service and disability pensions earned by them; and

(*h*) in spite of the fact mentioned in part (*g*) above they were deprived of the actual amount of service and disability pensions due to them under the Army Regulations?

(2) If the replies to the above questions be in the affirmative, will Government be pleased to state under what Army Regulations:

(*a*) their applications for long leave due to them were not forwarded for sanction to higher authorities;

(*b*) they were not examined by a Medical Board in Waziristan;

(*c*) their applications for withdrawal of resignation recommended by the Officer Commanding were rejected by the Northern Command instead of submission for sanction to higher authorities as required by Army Regulations?

(3) Are Government aware that the treatment meted out to the old servants of Government in that Department has created a good deal of disappointment and dissatisfaction among the members and is considered by them to be far from justice reducing them to beggary in old age?

(4) Do Government propose to enquire into the cases?

Mr. G. M. Young: The information has been called for and will be supplied to the Honourable Member.

APPOINTMENT OF MUSLIM FOREST OFFICERS IN THE HAZARA FOREST SUB-CIRCLE.

812. *Khan Bahadur Haji Wajihuddin: (a) With reference to the reply given by Government to question No. 454, asked on the 12th September, 1929, by Mr. Muhammad Ismail Khan, will Government be pleased to state if it is a fact that representations have been submitted to the Honourable Member of the Government of India in charge of the Education, Health and Lands Department last year relating to the monopoly of clerical and gazetted appointments by non-Muslims in the Hazara Forest Sub-Circle from time immemorial?

(b) If the reply to part (a) above be in the affirmative, will Government be pleased to state:

(i) if a Muslim has been appointed to relieve the present non-Muslim Superintendent in the Direction Office,—an appointment which is alleged to have been monopolised for the last 30 years by the non-Muslims;

(ii) how many Muslim Extra-Assistant Conservators have since been transferred to the Sub-Circle to relieve the non-Muslim officers, who are said to have held charge of several Divisions for a considerable number of years; and

(iii) how many Muslim Forest Rangers and clerks have been transferred there to check the preponderance of the non-Muslim community in the Circle?

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: (a) Representations of the Muslim Association, Peshawar, on this subject were addressed to the Chief Conservator, and copies thereof were endorsed to the Member in charge of the Department of Education, Health and Lands. A letter was also received addressed to the Secretary in this Department; it was forwarded to the Local Administration for disposal.

(b) The Local Administration has been asked to furnish the information; it will be communicated to the Honourable Member in due course.

APPOINTMENT OF MUSLIMS AS PROBATIONARY SUPERINTENDENTS OF POST OFFICES.

813. *Khan Bahadur Haji Wajihuddin: (a) Will Government be pleased to state if it is a fact that, since the advent of the British in the North West Frontier Province, no qualified Muslim resident of the country has so far been selected by the Department for the appointment of Probationary Superintendent of Post Offices in India?

(b) If the reply to part (a) above be in the affirmative, will Government please state why their claims to secure their proportion of the service have not so far been considered?

(c) Do Government propose to remove their long standing complaint in this respect by the selection of an adequate number of Muslims when vacancies occur in India in the Department in future?

Mr. J. A. Shillidy: (a) No, a Muslim from the North West Frontier Province was selected for such an appointment as recently as 1928.

(b) and (c). Do not arise.

REPAIRS TO A MOSQUE IN PESHAWAR.

814. *Khan Bahadur Haji Wajihuddin: (a) Are Government aware that:

(i) there is an old shrine in the Cantonment of Peshawar, known as "Ziarat-i-Sayyed, Gul Hasan Sahib", to which is attached a tank and a mosque, the area of the plot being well defined in the survey plan of the Cantonment, prepared in 1866-67; and

(ii) the Cantonment authority granted to the descendants of the saint, sanction to repair the floor of the mosque and the "Ziarat", but subsequently cancelled the permission for reasons unknown to the Muslim public there?

(b) If the replies to part (a) above be in the affirmative, are Government aware that the prohibition to repair the shrine, etc., has created ill-will among the ignorant Pathans of the country towards Government because the shrine is held in great reverence by the people of the country?

(c) Do Government propose to remove the impression by having the area demarcated by a member of the Military Engineering Service, according to the plan of 1866-67, and permission to repair the shrine and construct pucca floor for the mosque and tank granted as soon as possible?

Mr. G. M. Young: I am making enquiries and will let the Honourable Member know the result in due course.

APPOINTMENT OF MUSLIMS IN MILITARY ENGINEERING SERVICES.

815. *Khan Bahadur Haji Wajihuddin: (a) Will Government be pleased to lay on the table a statement showing the number of appointments held by Muslims and non-Muslims in the following grades in the Military Engineering Services in India by Commands:

(1) Clerks.

(2) Storekeepers.

(3) Sub-overseers.

(4) Electrical and Mechanical Superintendents, and

(5) Sub-Divisional Officers (Civilian)?

(b) Will Government be pleased to state if orders have previously been issued to subordinate officers of the Department for securing adequate representation of Muslims in the services mentioned above? If so, will Government please include in the statement asked for in part (a) above the result achieved during 1929 and 1930?

(c) If no orders as mentioned in part (b) have been issued, why not?

Mr. G. M. Young: The information asked for in part (a) and the latter portion of part (b) of the Honourable Member's question is not available, and could only be obtained by detailed inquiry from every station in India in which there are detachments of the Military Engineer Services.

The answer to the first portion of part (b) is that instructions were issued to the Military Engineer Services, as to other Departments, in connexion with the representation of minority communities generally.

Part (c) does not arise.

MEMORIAL FOR RE-EMPLOYMENT BY STOREKEEPERS IN THE MILITARY ENGINEERING SERVICE AT WAZIRISTAN.

816. ***Khan Bahadur Haji Wajihuddin:** (1) Will Government be pleased to state if it is a fact that:

(*a*) certain Muslim storekeepers serving in the Military Engineering Services in Waziristan District were invalided from service by the Military Medical Board at Manzai, in July 1929, after rendering long services to Government;

(*b*) subsequently they regained their health and the Medical Board, convened at Peshawar, composed of civil medical officers presided over by Chief Medical Officer, North West Frontier Province, declared them fit for further service;

(*c*) they submitted to the authorities concerned the recommendation of the Board and made a request for re-employment, which was rejected without any reason being stated;

(*d*) one Mr. Sardar Singh, Sub Overseer in the same Department was invalided at Risalpur (North West Frontier Province) in 1928 and was subsequently re-employed on production of a fitness certificate; and

(*e*) under article 519 of the Civil Service Regulations (the regulations governing the storekeepers) there is no bar to the re-employment of officers who have regained their health?

(2) If the replies to parts (*a*) to (*e*) above are in the affirmative, do Government propose to consider their memorials for re-employment? If not, why not?

Mr. G. M. Young: The information has been called for and will be supplied to the Honourable Member.

ARREST OF MR. VIRENDKA, A STUDENT OF THE FOREMAN CHRISTIAN COLLEGE, LAHORE.

817. { ***Mr. S. C. Mitra:** / ***Rai Sahib Harbilas Sarda:** } (*a*) Is it a fact that Mr. Virendra, son of Mahashe Krishna of Lahore, a fourth year student, Foreman Chirstian College, has been arrested under Regulation III of 1818?

(*b*) Is it a fact that he is under 20 years of age?

(*c*) Is it a fact that while he was a student of the second year class he was arrested on December 17th, 1928, on a charge of complicity in the murder of Mr. Saunders, Assistant Superintendent of Police, Lahore, and was subsequently bailed out and discharged?

(*d*) Is it a fact that he was arrested again on the 24th December, 1929, in connection with the bomb outrage on the Viceroy's train at Delhi, that the procedure against him was under section 107, Criminal Procedure Code, that he was subsequently released on bail and eventually the case against him was withdrawn?

(*e*) Is it a fact that he was arrested for a third time on the 29th December, 1930, on a charge of conspiracy to murder the Governor of the Punjab, released on bail on the 12th January, and discharged by the Court on the 30th January, 1931?

(*f*) Will Government state the reason why Mr. Virendra has been arrested under Regulation III of 1818?

(*g*) What is the allowance proposed to be given to him?

(*h*) Where is it proposed to keep him and for how long?

(*i*) Did Government lay the case before the law officers of the Crown and obtain their advice as to the advisability of putting the case of Mr. Virendra in Court?

(*j*) Is it a fact that the law officers of the Crown were of the opinion that there was no case against Mr. Virendra and Regulation III of 1818 has consequently been applied?

(*k*) Are Government aware that there is great uneasiness in the public mind on account of the use of Regulation III of 1818 in the case of Mr. Virendra in ordinary times?

(*l*) Do Government propose to reconsider the matter at an early date and release Mr. Virendra? If so, when?

The Honourable Sir James Crerar: (*a*), (*b*), (*c*) and (*e*). Yes.

(*d*) He was arrested on the 24th December, 1929, for assaulting a police officer in the Congress Camp and a few days later proceedings under section 107, Criminal Procedure Code, were taken against him.

(*f*) I would refer the Honourable Member to the reply I gave to parts (*b*) and (*h*) of Mr. Jagan Nath Aggarwal's question No. 783 on the 2nd March, 1931.

(*g*) On the recommendation of the Local Government, orders are under issue sanctioning a diet allowance of Rs. 1-6-0 per diem, a monthly allowance of Rs. 32 and a lump sum of Rs. 60 to meet initial expenditure on admission.

(*h*) At present in the Lahore Central Jail.

(*i*), (*j*) and (*l*). No, but, as already stated, the case will be placed for scrutiny before two Sessions Judges.

(*k*) I am informed that the Punjab Legislative Council recently passed a unanimous resolution recommending the adoption of measures against terrorist activities.

Mr. Gaya Prasad Singh: When was Mr. Virendra arrested under Regulation III of 1818?

The Honourable Sir James Crerar: I think, Sir, it was on the 10th of February.

Mr. Jagan Nath Aggarwal: Arising out of this answer, may I point out to the Honourable Member that it is highly undesirable to have an *ex-parte* inquiry. Will the Government consider the propriety of giving him an opportunity to produce his defence?

The Honourable Sir James Crerar: I am afraid I cannot add to the information that I have already given to the Honourable Member on this point.

Mr. Gaya Prasad Singh: Was this man called upon to offer any explanation or defence before his case was placed before the two Sessions Judges?

The Honourable Sir James Crerar: No, Sir.

Mr. Gaya Prasad Singh: Will he be called upon to give any explanation or defence now?

The Honourable Sir James Crerar: Yes, Sir.

RECRUITMENT OF MINISTERIAL ESTABLISHMENT IN THE FOREIGN AND POLITICAL DEPARTMENT.

818. ***Mr. B. N. Misra:** (*a*) Is it a fact that all questions relating to the ministerial establishment of the Foreign and Political Department are dealt with by the Under Secretary of that Department?

(*b*) Is it a fact that similar questions in the other Departments of the Government of India are dealt with by Deputy Secretaries of those Departments?

(*c*) Is it a fact that the Foreign and Political Department of the Government of India has the largest ministerial establishment of the Government of India Departments?

(*d*) Is there any reason why this distinction has been made and the Foreign and Political Department observes a principle different from that observed in the other Departments in regard to matters relating to ministerial establishment?

(*e*) Is it a fact that, owing to the Under Secretary in the Foreign and Political Department being normally a junior and inexperienced official, his work mostly is done according to direction from the Assistant Secretary?

(*f*) Are Government aware that this practice is the cause of discontent in the Foreign and Political Department?

Mr. J. G. Acheson: (*a*) Yes. But the Under Secretary has not the final authority in more important cases such as confirmation of probationers, and the most important questions, such as promotions to the Superintendent's grade, dismissals, reduction or stoppage of increment, are decided by the two Secretaries jointly.

(*b*) Yes, this is the usual practice. But, for the reasons given in answer to (*d*), this arrangement would not be feasible in the Foreign and Political Department.

(*c*) Yes.

(*d*) Yes, to relieve the Deputy Secretaries, who are already over-burdened with important work, of routine work and petty matters relating to establishment; and also to provide a link between the Foreign and Political sides of the Department. It should be pointed out that the Under Secretary is himself usually an officer of many years responsible administrative experience.

(*e*) and (*f*). No, Sir.

APPOINTMENT OF STENOGRAPHERS IN THE FOREIGN AND POLITICAL DEPARTMENT.

819. ***Mr. B. N. Misra:** Will Government be pleased to state whether it is a fact that the Foreign and Political Department of the Government of India has employed some stenographers who have not passed the Public Service Commission examination? If the answer be in the affirmative, are Government aware that there are over half-a-dozen candidates on the list of the Public Service Commission who have passed the shorthand test of

the Commission? Are they entitled to be employed in preference to those who have not passed the test of the Commission?

Mr. J. G. Acheson: Yes, Sir. Two temporary vacancies of stenographers have been filled by men who have not passed the examination. In one case it was desired to adjust the proportion of Muslim to Hindu stenographers, and since there were no Muslims available who had passed the examination, the present incumbent was selected on the recommendation of the Public Service Commission. The second vacancy was originally for two months only, and it was not possible to find a fully qualified candidate for such a short period. This appointment will shortly expire.

UNSTARRED QUESTIONS AND ANSWERS.

QUANTITY OF COPRA, ETC., EXPORTED FROM INDIA.

246. **Mr. K. P. Thampan:** Will Government be pleased to state how much (quantity) of (*a*) copra, (*b*) coir, (*c*) cocoanut oil, and (*d*) cocoanut *poonac* was exported from India during the last five years?

The Honourable Sir George Rainy: The Honourable Member is referred to the Annual Statement of the Sea-Borne Trade of British India, a copy of which is in the Library.

EMPLOYEES OF THE AGRICULTURAL DEPARTMENT IN THE BOMBAY PRESIDENCY.

247. **Mr. N. R. Gunjal:** Will Government be pleased to place on the table a statement showing the gentlemen, with their names, rank, pay and residence, of the Bombay Presidency, who are employed in the Agricultural Department of India?

The Honourable Khan Bahadur Mian Sir Fazl-i-Husain: A statement is laid on the table and I shall be grateful if the Honourable Member after perusing it tells me what to note in it in case something needs to be noted.

List of natives of Bombay Presidency employed at the Imperial Institute of Agricultural Research, Pusa, and its outstations excluding menials.

Serial No.	Name.	Rank.	Pay.	Residence.	Remarks.
		Pusa Institute.			
1	Mr. N. V. Joshi	First Assistant to the Imperial Agricultural Bacteriologist.	Rs. 600 in the grade of Rs. 300—800.	Ratnagiri District.	
2	Dr. S. V. Desai	Assistant to the Imperial Agricultural Bacteriologist.	Rs. 280 in the grade of Rs. 200—300.	District Panchmahals.	

Serial No.	Name.	Rank.	Pay.	Residence.	Remarks.
		Pusa Institute—contd.			
3	Rao Sahib Kasanji D. Naik.	Superintendent, Office of the Sugar Bureau.	Rs. 420 . .	Surat District.	
4	Mr. B. M. Amin .	Assistant to the Imperial Agricultural Chemist.	Rs. 300 (Grade Rs. 100—300).	Kaira District.	
5	Mr. T. C. Desai .	Assistant Superintendent, Director's Office.	Rs. 300 (Grade Rs. 250—350).	Surat District.	
6	Mr. S. R. Jogdeo .	Clerk, Director's Office	Rs. 105 (Grade Rs. 40—125.)	Poona.	
7	Mr. V. G. Lele .	Artist . . .	Rs. 85 (Grade Rs. 75—100.)	Nasik District.	
8	Mr. K. F. Kheshwala	Assistant to the Imperial Mycologist.	Rs. 220 (Grade Rs. 100—300).		
9	Mr. R. B. Deshpande	Officiating Assistant to the Imperial Eco. Botanist.	Rs. 120 (Grade Rs. 100—300).	Belgaum.	Temporary.
10	Mr. M. N. Mehta .	Recorder, Sugar Bureau.	Rs. 130 (Grade Rs. 100—200) + C. L. A. Rs. 9-12-0.	Panchmahals District.	do.
		Anand Creamery.			
11	Mr. Paul . .	Engineer . .	Rs. 75. . .	Anand, Kaira District.	Temporary.
12	Mr. Chhottabhai .	Cashier . .	Rs. 70 . .	Kaira District.	do.
13	Mr. Kalyaniwala .	Supervisor . .	Rs. 60 . .	Bombay.	do.
14	Mr. Barot . .	Storekeeper . .	Rs. 50 .	Kaira District.	do.
15	Chaturnana . .	Carpenter . .	Rs. 40 . .	Kaira District.	do.
		Bangalore Institute of Animal Husbandry and Dairying.			
16	Mr. K. K. Desai .	Supervisor . .	Rs. 105 . .	Baroda.	
		Imperial Dairy Expert.			
17	Mr. Zal R. Kothawala.	Assistant to the Imperial Dairy Expert.	Rs. 800 (Grade Rs. 350—50—1,250).	Ahmedabad.	

INDIAN STATES VISITED BY THE VICEROY.

248. **Mr. N. R. Gunjal:** Will Government be pleased to state:

(*a*) the names of Indian States visited by His Excellency the Viceroy of India, during the last five years;

(*b*) the expenses incurred by Government in that connection?

Mr. J. G. Acheson: (*a*) A list of Indian States visited by His Excellency the Viceroy is attached.

(*b*) The only expenditure incurred by Government is that of the haulage of the Viceregal special train. Its exact amount would be difficult to ascertain, as tours in Indian States are often dovetailed in with tours in British India.

List of Indian States visited by His Excellency the Viceroy.

1926 . .	Chail (Patiala). Bahawalpur.
1927 . .	Benares. Rampur. Bikaner. Bhopal. Jammu and Kashmir. Mysore. Mandi. (For lunch during march through Kulu Valley.) Cutch. Jamnagar. Junagadh. Porbander Palanpur. Kapurthala. Baria.
1928 . .	Rewa. Jodhpur. Udaipur. Dholpur. Patiala. Jubbal. (Made arrangements for hill trip from Dehra Dun to Simla.) Indore. (Stayed at Residency.) Dhar. Rutlam. Jaora. Jaipur. Sirmoor. (Nahan.)
1929 . .	Alwar. Kotah. Bundi. Gwalior. Sangli. Kolhapur. Kararpur. (Mysore.) Cochin. Travancore. Hyderabad.

1930 . . Baroda.
Malerkotla.
Bharatpur. (Stayed at Agency.)
Govindpur. (Datia.)
Orchha.
Panna. (For lunch during drive from Nowgong to Saugor.)
Chhatarpur, Bijawar } His Excellency only met these Chiefs on the drive from Nowgong to Saugor.
1931 . . Manipur.

LOCATION OF JAILS IN INDIA.

249. **Mr. N. R. Gunjal:** Will Government be pleased to place on the table a statement showing the names and places of the various jails in India?

The Honourable Sir James Crerar: The information can be found in the Annual Jail Administration Reports of the various provinces, which are published and are available in the Imperial Secretariat Library.

FINES RECOVERED FROM POLITICAL CONVICTS.

250. **Mr. N. R. Gunjal:** Will Government be pleased to state separately the amount of fines recovered by them from political convicts, under various Ordinances in each district in India?

The Honourable Sir James Crerar: I have no information and regret that I am unable to undertake to collect it.

EMPLOYEES OF VARIOUS DEPARTMENTS IN THE BOMBAY PRESIDENCY.

251. **Mr. N. R. Gunjal:** Will Government be pleased to place on the table a statement showing the names, rank, pay and residences of gentlemen of Bombay Presidency, employed in the following Departments of the Government of India:

(i) Military.
(ii) Finance.
(iii) Public Works.
(iv) Posts and Telegraphs.
(v) Judicial.
(vi) Medical.
(vii) Educational.
(viii) Engineering.
(ix) Railways.
(x) Revenue?

The Honourable Sir James Crerar: The information cannot be collected without an immense amount of labour which would be wholly disproportionate to the results. I regret that I am unable to undertake to collect it.

APPOINTMENT OF THE COMMITTEE ON PETITIONS.

Mr. President: Under Standing Order 80 (1) of the Legislative Assembly Standing Orders I have to appoint a Committee on Petitions. I have therefore to announce that the following Honourable Members will form the Committee:

Sir Hugh Cocke,
Sir Abdur Rahim,
Raja Bahadur G. Krishnamachariar, and
Mian Muhammad Shah Nawaz.

According to the provisions of the Standing Order, the Deputy President, Mr. R. K. Shanmukham Chetty, will be the Chairman of the Committee.

ELECTION OF MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

Mr. President: I have to inform the House that the following Members have been elected to serve on the Central Advisory Council for Railways, namely:

1. Mr. N. N. Anklesaria.
2. Mr. E. Studd.
3. Mr. Nabakumar Sing Dudhoria.
4. Sardar G. N. Mujumdar.
5. Lala Rameshwar Prasad Bagla.
6. Rai Bahadur Pandit T. N. Bhargava.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON EMIGRATION.

Mr. President: I have to inform the House that the following Members have been elected to sit on the Standing Committee on Emigration, namely:

1. Mr. Muhammad Azhar Ali.
2. Rao Bahadur M. C. Rajah.
3. Mr. Arthur Moore.
4. Mr. K. P. Thampan.
5. Rao Bahadur S. R. Pandit.
6. Mr. C. C. Biswas.
7. Mr. A. Das.
8. Mr. C. S. Ranga Iyer.

Mr. President: The House will now proceed with the general discussion of the Budget. I propose to impose a time limit of 20 minutes for each speaker.

Khan Bahadur Haji Wajihuddin (Cities of the United Provinces: Muhammadan Urban): Sir, I am very thankful to my Honourable and esteemed friend Sir George Schuster for the quite straightforward manner in which he presented the General Budget for the ensuing year on the evening of Saturday last, which I regret exhibits some most disappointing features. I quite agree with my Honourable friend's remarks that India is not alone in this economic adversity. It is a condition through which the whole world is passing, but may I ask my Honourable friend the Finance Minister, to what extent he, at this critical juncture, is justified in imposing fresh exorbitant taxation, not only on necessities of life but mostly on those which are used largely by the poor people of India?

It is an admitted fact, Sir, that as a result of the fall in prices and the trade depression, practically all the classes in almost all the countries of the world are suffering from a lack of purchasing power!

India is said to be going through the worst time now! She has felt the severity of the fall in the case of what she has to sell, but has not obtained a corresponding advantage of the fall in prices of what she has to buy. Under the circumstances, I shall be failing in my duty if I, being an elected Member of this House and a practical businessman, do not warn the Government that so far as the proposed increase in taxation on real necessities of life is concerned, Government is going the wrong way. Sir, I cannot for a moment agree to any increase of duty on silver, kerosene, sugar, betel nuts, and spices which is bound to affect considerably the poor Indians, the majority of whom are starving day-by-day. All these enhancements are considered absolutely unjust and inexpedient throughout the country. At the same time, I cannot hesitate to welcome the increased duty on all sorts of intoxicating liquors for the simple reason that these are used by the well-to-do people who can easily afford to pay not only the increase proposed but a certain per cent. more. I also declare my strong disapproval of the increased rates of income-tax, especially an increase of four pies on the lowest amount of Rs. 2,000 which will be felt very much throughout India. Sir, the people of average income are in a very critical condition now-a-days and they are really in need of help—I therefore suggest that, if the old rate of income-tax is not possible to be maintained, people below the income of Rs. 5,000 annually be exempted altogether and the minimum should be raised from Rs. 2,000 to Rs. 5,000, especially for at least a year as the trade and industry are both passing through an unprecedented crisis. Increase of postage on parcels is also a most undesirable item in the Budget. It will not help to increase revenue, but will actually discourage the post parcel system itself and the businessmen generally will prefer to get their requirements by other cheap ways, which will further decrease postal revenues.

Sir, after my opposing almost all the increases proposed by the Government, the question naturally arises, how to meet the critical situation? I therefore take this opportunity to point out plainly in one word that I am dead against the principle to increase taxes and duties with a view to meeting increased expenditure. Sir, my motto just in accordance with the well known Hindustani proverb is thus: *"Jitni chadar hoe otney paer phailao"*, which means "We should cut our coat according to our

cloth", and we should therefore suit our expenditure to our revenues. Sir every businessman, when faced with a crisis of this kind, would first of all cut down his working expenses forthwith, especially when there is already a general complaint that taxation in India has gone to a point which the people of the country are scarcely able to bear. May I be permitted to ask my Honourable friend the Finance Member how far he was justified, in face of a clear policy of total prohibition of liquor adopted by the Legislative Assembly some five years ago, to spend a sum of fourteen thousand rupees for catering for the guests, followed by liquors, assembled in the Fort only last month. Was it not advisable to save a huge sum of two lakhs and sixty-two thousand rupees from unnecessary expenditure on the recent functions in connection with the inauguration of New Delhi? I am sure many similar items would have been saved during the year if a sincere effort was made in this direction, and can easily be saved in the future if the Honourable the Finance Member and the Retrenchment Committee proposed to be constituted will take the trouble to go into the question carefully. If I remember aright, it was emphasised in the past that expenditure could not be cut down, but I am glad to say that experience shows that to a certain extent it was practically cut down and it is suggested that it would be cut down further at the hands of Legislature.

Sir, I wholeheartedly welcome the proposal to have a Retrenchment Committee to be constituted with five non-official Members of this House to be elected by the Assembly and two officials to be nominated by His Excellency the Governor General, but, Sir, with your kind permission may I ask my Honourable friend Sir George Schuster to consider the feasability of a minor amendment in his original proposal, namely, for the words "Non-official Members" the words "Elected Members" be substituted. which I hope will create a better impression upon my colleagues here, and will help to improve the confidence in the good intentions of the Government.

As regards military expenditure, I am afraid I am neither a military man, nor have I had any experience of that kind, but, Sir, my representative capacity in the House compels me to ask for a substantial reduction in one way or the other. If the Government will take into confidence some of the Indian leaders of various communities—who are keenly interested in self-government, and have in the past made great sacrifices in picketing liquor and foreign cloth shops, resulting in extraordinary large expenses to the Exchequer, and, Sir, if they are prepared to offer their services honorarily as officers for the defence of the country, and a number of their followers are recruited under their command, I think, on the one hand it will be a source of decrease in both civil and military expenditure, and on the other, it will bring the country a step nearer to the right goal for which the Round Table Conferences and peace talks are going on.

Moreover, Sir, by giving the people of India an opportunity for the responsible work of self-defence, it will be proved how far they are deserving of further reforms.

I think there can be no better chance and no wiser step than to test the mettle of the people and their demands! Thousands of Magistrates and Munsifs in every province of India are discharging both judicial and civil responsible duties quite honorarily to the entire satisfaction of the Government, resulting in a considerable saving in the civil expenditure,

[Khan Bahadur Haji Wajihuddin.]
then why not start, only as a trial, on the same line a new scheme to reduce military expenditure?

Sir, I quite admit the vital importance of the question of the defence of India, but I think, Sir, it is further more important to guard a country against internal dangers than against external ones. Let me say quite frankly that if the people of the country are free from communal troubles, free from overburdening taxes, completely satisfied and prosperous, if they are loyal to the rulers in the true sense and have full confidence in the Government and if *it is known to the world that they are such*, I am sure no foreign power will ever attempt to attack India. Foreign powers, of course, can only take courage to attack the country when it is seething with communal troubles, civil disobedience movements, restlessness, demonstrations and agitations. As India has just passed through these unpleasant stages, Sir, it is I think high time to produce such an atmosphere that the people will be fully satisfied and so be ready to help their own country and the Crown against any external or internal dangers. As has already been experienced during the Great War, in the shape of both men and money, India provided not only, in but outside India. If the reasonable and just demands of all communities of India are fully responded to and at the same time the high expenditure is substantially decreased, I hope no one will deny that the great need for unbearable taxation will automatically disappear and the country will, I hope, Sir, resume its pre-war normal condition to the entire satisfaction and prosperity of all shades of opinion.

Before concluding my remarks, Sir, I think it my duty to say most emphatically that if the Government find no alternative but to increase or maintain the revenues as proposed in the Budget under discussion, then I would very gladly welcome a double or trebled duty on liquors and other intoxicants, which will, I hope, be useful, in one way or the other. It will either swell the revenue from only those who will gladly bear to pay, after knowing very well that they are losing both their health and wealth, which will, no doubt, leave a margin for decrease on taxation in other commodities, or it will help to reduce the use of intoxicants themselves, which is most highly desirous from every standpoint.

In conclusion I earnestly appeal to my Honourable friend the Finance Member to give up the idea of imposing fresh enhanced taxation upon the poverty stricken people of the country and to make a supreme effort to retrench expenditure to the greatest extent, and in the meantime consider the advisability of asking for leave to have the Finance Bill withdrawn.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, no one can help congratulating the Honourable the Finance Member for the lucid speech which he made the other day in presenting the Budget. We congratulate him for putting his case so ably and laying all his cards on the table. He has tried to take the House into his confidence and we are ready to act and co-operate with him in meeting the difficulties which are in his way. We cannot shirk our responsibility by mere criticism, but we have to face the situation when we have been taken into confidence. This is the time when one can lay before Government all the grievances of the country, and this is the only occasion when each Member is allowed to speak on all points with which he is concerned, and I will therefore lay before Government what the demands

of our constituencies are and which have been ignored. I am concerned mostly with the agricultural classes and the zemindars. I will first of all tell Government what the feelings of the people in the country are about the administration as it is carried on nowadays. We had a visitation of locusts lately and the crops have been absolutely destroyed in many districts. The people are impoverished. As regards the economic industries, the cheapness of grain at the market has been telling a great deal on the people's finances and they can hardly make two ends meet. The average tenant and the zemindars find it very difficult nowadays to meet even ordinary requirements and are absolutely unable to pay any further taxes which are now demanded by Government. I will show what losses we have sustained in the country and what efforts Government have made to meet those difficulties. Very little money has been spent and is proposed to be spent towards research in agriculture, although I must at the same time recognise and appreciate the effort of the Finance Member for placing a certain amount of money at the disposal of agricultural research. But the money which is being placed at their disposal is far too short of what is demanded under the circumstances which are prevalent nowadays. Besides the locust visitation in this part of the country, we had another great evil, and that was in the shape of an insect, a beetle, which came and destroyed the whole sugar-cane crop. In the sugar-cane crop we have not got even two annas in the rupee. The sugar produced by the little cane which is left in the fields is not worth even two annas in the rupee. This has brought a great deal of loss to the wealth of India, and Government have been sleeping over this altogether without spending a single penny in finding out ways and methods to destroy this beetle, which is destroying the whole sugar-cane crop. The efforts of Government ought to be directed now towards means of saving the productive wealth of India. How can we compete with the foreign markets? If a penny or a few pennies are enhanced on the import duty of sugar, how would it help us when we cannot produce sufficient sugar to meet our own requirements? If sugar comes from outside, it is not on account of its cheapness nor will it be stopped by protective duties. What we require is that we may be able to produce sugar at a cheaper rate and in larger quantities. The money which has been sunk in the sugar industry and in the sugar-cane crop cannot be realised even now. The tenants who sow sugar-cane crops in the fields used to get about 200 or 300 rupees per *cutcha bigha* on the fields which are irrigated by the Jumna canals, but now they cannot get even 20 or 25 rupees per *cutcha bigha*. That is on account of a certain insect getting in. I do not know very much about the other provinces, but about the United Provinces I can safely say that this insect is from Meerut Division, that is, from Saharanpur up to Pilibhit in the Rohilkund Division, taking up about half the area of the United Provinces; and no effort has been made to save all this wealth, which has been lost during the past few months. I would like a great amount of money to be spent to meet this evil.

Then, Sir, another reason why we have a greater cost of production in India and why we cannot compete with foreign markets is because of the policy which the Government have been pursuing lately in the matter of interest on money. It is an open secret and I can take any of my Honourable friends on the Treasury Benches and show him what is going on in the villages, and I can convince him that a tenant has to pay about

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40 per cent. interest on the money which he borrows. This means that 40 per cent. is added to the cost of production. If a man has to borrow one year and cannot pay the next year, then he has to pay double this amount, and the capital which he has borrowed becomes doubled and he has ultimately to pay to such an extent that the man has to leave his fields and run away, leaving the village. The rate of interest, and the way in which money-lending is carried on and the poor tenants cheated in the villages by forgers and unscrupulous money-lenders have not been checked by the Government up to this time. It was in 1922 that I introduced a Bill in the Legislative Assembly to meet this evil. That Bill was opposed by the Government on the recommendation of the Bombay Government. Of course I do not know what circumstances prevail in Bombay; but what we are concerned with is what is happening all over India. Again there was an effort made to meet this evil systematically in this House and the other House, and every time I found that it was only by the Government vote we were losing this and similar Bills in the Legislature. It is not the Indians and the elected Members who do not feel this necessity, but it is the Government who have been opposing us all along; and I warn the Government that they are losing the sympathy of these poor people who are suffering on account of this policy, a great deal. When their representatives come and speak on their behalf and the Government turn down these beneficial measures which are proposed here for their uplift, the whole reaction comes and takes the shape of non-co-operation against the Government. It is not as it is misunderstood now, and that the forces were getting against the Government on account of a certain policy of the Government; but non-co-operation had succeeded on account of the economic pressure on the people, which they could not withstand; and in the villages that is mostly due to the fact that the whole money which a tenant gets and the whole crop of a tenant which he produces is taken away by the money-lender. The zemindar never is exorbitant in his demands from his tenants. That is wrongly misunderstood. Those zemindars who do the business of money-lenders as well as their zemindari, their demands mostly are in the shape of lending money to their tenants. What is done? All the crop which is produced goes away into the house of the money-lender and he, after taking all his demands, returns and gives a few rupees for the payment of the zemindar and a few rupees for the upkeep of the tenant. This is telling very badly on the people, and unless the Government come forward and bring in a measure which can stop this kind of money-lending at high rates of interest, the tenantry can never compete with the foreign market, and that will act very adversely on the production of the country.

Sir, I am afraid that I still think the demands of the Military Budget are too high for this country. Although a reduction has been made by the military authorities, on which I must congratulate them in having come forward themselves and made this reduction, still it is not the effort which they have made that matters, but it is the policy of the Military Department that has to be changed and which can bring about a substantial reduction in the expenditure of the Army; and we must make it sooner or later; then why not sooner rather than later? It is the policy which has to be changed; the frivolous expenditure which is made on certain matters military must be stopped, and only then the figure

can be brought down substantially. I am afraid I cannot agree or lend my support to the remarks of my friend, Haji Wajihuddin, who thought an honorary army could be created like the Honorary Magistrates. (Laughter.) The analogy on the face of it is bad. We all know what the Honorary Magistrates are, a body of demoralised people; we do not want a demoralised Army at the same time. If we can afford to have a demoralised Magistracy, we cannot afford to have a demoralised Army to guard our frontier. I would like to see the Honorary Magistrates go into the Army and fight against the stalwarts in the province of my friend, Sir Abdul Qaiyum, to meet them in the field, and they will know what the worth of an army is.

We have got several such people, and I think it is time that the military authorities should stop the ridicule which they have been bringing on the Army by creating these honorary Lieutenants and Captains in lieu of conferring other titles. There are many of these people who have never fired a gun shot or a cartridge, and they are called Captains, simply because an honour was sought to be given to them, and they were made honorary Lieutenants and Captains. I deprecate this kind of distinction being given to these people who do not know the art of warfare at all; and I say ridicule will be caused by what is suggested by my friend, Khan Bahadur Haji Wajihuddin, if the military do not stop it in future.

There has been another grievance of the Indians with regard to the Indianisation of the Army. I think, Sir, there will be another occasion when I will get an opportunity to speak on the subject at length, but I cannot help making a few remarks on this aspect of the question at the present moment. This demand has been a long-standing one. It was I in the year 1923 who was responsible for moving a Resolution that the Indianisation of the Army should proceed at once and that all new vacancies in the Indian regiments for the King's Commission should be filled by Indians. But, Sir, this Resolution was moved on the 9th February. What happened then? On the 17th February, to which date the debate on my Resolution was postponed, I found that the late Lord Rawlinson came up with his 8 units scheme and put it forward before the House, and the whole House, which was going to vote with me on that day, was taken by such surprise that I got only 16 votes for my Resolution. The House was enchanted by the 8 units scheme at that time without examining it in detail. I was asked to withdraw my Resolution, but I did not, and, Sir, I stand justified today for not having withdrawn my Resolution in 1923. I think, Sir, a great deal of injustice is being done to the officers of the Indian regiments when their sons are not brought to the same level as the other classes who are improving in India. What does an Indian officer who has got the Viceroy's Commission feel today? He feels that while people in other spheres of life like the civil Departments can amass a lot of money and wield a considerable amount of influence in the country, the sons of military officers cannot improve themselves side by side with their countrymen. They are stopped at a certain stage in their career; that is, when they attain the rank of a Risaldar-Major or an Honorary Captain. An Indian officer feels that his sons must get the King's Commission now, and it is time that that . . . . .

Mr. President: The Honourable Member's time is up.

Mr. Muhammad Yamin Khan: Very well, Sir. This is their grievance which must be remedied as soon as possible.

Then, Sir, before I conclude I should like to make a few remarks about the frontier policy. I would in the first place like to point out that there should be a change in the outlook. I would not like to prejudge the actions of the Retrenchment Committee, and I would therefore refrain from making any remarks to show on what items there should be cuts effected, because if a Retrenchment Committee is going to be appointed, that will certainly go through all these things. With these few remarks I resume my seat.

Mr. N. M. Dumasia (Bombay City: Non-Muhammadan Urban): Mr. President, I carefully listened to the speech of the Honourable the Finance Minister, and I read it over and over again to see whether I find myself in agreement with it. The speech is not only admirably conceived in an admirable spirit, but it is set out with clarity of thought, but I must say that it has disappointed the country, whose resources for taxation have already been exhausted. Sir, the Honourable the Finance Minister has failed to read the signs of the time; he has failed to realise the temper of the country; he has failed to understand the significance and underlying causes of the no-tax campaign, and moreover he has failed to notice the cause of the civil disobedience movement; he has failed to realise the reality and gravity of the situation, and he has failed to take into account the capacity of the people of this unhappy land today to bear any further burden in a time of unprecedented crisis. Sir, this heavy taxation is the cause of the deep discontent and unrest in the country and this additional taxation will only accentuate and aggravate that discontent and unrest. The Honourable the Finance Minister pleads for our sympathy in his difficult task. He deserves it. If our sympathy can be of any use to the Honourable the Finance Minister, we offer it to him in abundance, but the country will refuse and the House will refuse to lend its support to his extravagant proposals for taxation.

Sir, the Honourable the Finance Member has attributed to two factors the heavy deficit, and the present bankrupt state of the finances of the Government of India. First is the world depression and the second the civil disobedience movement. I confess that both these factors have played their part in creating adverse effects on the finances of the Government, but they in themselves could not have brought about this unprecedented calamity to the Government exchequer. If there were a reserve of strength, if the resources of the country were not dissipated mainly on the military expenditure and on top-heavy administration, these factors alone would not have precipitated the bankruptcy which has overtaken the Government. In addition to these factors, I will mention another factor, and that is the policy of the Government which has to a great extent brought about the present exceptional condition in the country. Sir, Government were warned to check the extravagant expenditure on the military and civil side. They failed to listen to the advice of the responsible legislators, with the result that the country is today in dire distress.

Sir, this Budget reminds me of a story in one of Marvut's novels in which it is related that a tar presented himself before the captain and said he wished to make a complaint. The captain asked, what was the

nature of the complaint? Was it a ship, was it a cabin, was it an officer, was it the crew, was it a log, was it discipline, or was it the food? The tar hesitated a bit and then blurted out "Sir, I object to the 'ole Blessed lot". Similarly, Sir, I object to the whole Budget. I do not like its look. I do not like the look of the parting gift of the administration that is now in the melting pot. I confess it is a sound principle in finance to levy taxation when necessary and to lay it on profits and on the broadest shoulders, but there is a limit to it, and that limit was overreached a long time ago, and the country is no longer able to bear any further burden which is in excess of that levied during the last war to enable England to win it. Such a burden can only be justified by imperative national emergency or in time of a great calamity or when it is necessary for a national purpose, for national development and progress of the moral and material welfare of the people. Can it be, in all honesty, said that these new taxation proposals are conceived in national interests, or can it be said that the additional revenue is to be spent for the benefit of the people? It is levied to meet the day to day expenditure of the top-heavy administration of the Government, which, like the Bourbons, have learnt nothing and forgotten nothing. Sir, if this Government cannot meet the day to day expenditure without incurring heavy debts or without levying a high scale of taxation, that Government is not fit to survive even for a day. The sooner it makes room for its successor, the better. The Honourable the Finance Member has declared his purpose of handing over a sound business to his successor. It is a laudable object, but the trouble with this Government is that it is worried more about its successor than about relieving the present distress of the poor people of this country. Do you mean to leave a sound business to your successor when you are exhausting all sources of revenue? What you would leave to your successor will be a capital levy to fall back upon to meet its demands. You cannot call it sound business. Your successor will have only the legacy of bankruptcy and exhausted reserves. You will leave nothing in reserve for your successor for taxation. The Honourable the Finance Member will ask, what am I to do in this plight? Sir, the reply is obvious. We have been talking of retrenchment of military expenditure, but to urge it here is like flogging a dead horse. Sir, it has been admitted that a part of the Army in India has been reserved to maintain the supremacy of the British power in the East, and many responsible statesmen have urged in the past that the cost of the military reserves should be defrayed out of the British Exchequer. If that had been done, that would have brought great relief to India. But all the warnings that have been sounded have not been heeded, with the result that we find ourselves in a most deplorable and helpless condition to-day. Sir, this aspect of the question was pointed out in the minority Report of the Welby Commission also, where it was said that a part of the Army expenditure should be refrayed by the Home Government, and I respectfully and earnestly urge the attention of the Honourable the Finance Member as well as of the House to this aspect of the question.

12 NOON.

Anybody who has been following the affairs of this country during the last eight months must have perceived that the Government and the country are going down at a rapid pace. They ought to have taken retrenchment immediately in hand. This belated Retrenchment Committee is like calling in the doctor after the patient is dead. We do not

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know when its deliberations will be completed, and whatever its results, the revenues of India will not get relief during this year.

Sir, the Honourable the Finance Member has entered into an apologia of his currency policy. I think the country will remain unconvinced. Nobody denies that if the exchange becomes unstable and it topples down, it will usher in a disaster of great magnitude to the country. But those who have imposed this artificial ratio on the country ought to have foreseen this difficulty and ought to have done everything to avoid it. But what did they do? They carried this ratio in the teeth of strong opposition in the country. The Honourable the Finance Member says that if the ratio were changed and conditions became unstable, the country would lose its credit. For that the whole responsibility must rest with the Government and those who forced this ratio upon the helpless people of this country. Sir, when the executive is irresponsible and irresponsive, and when it is irremovable, what are the people to do? Rightly or wrongly, the Indian commercial classes believe that all the misfortunes are due to the ratio. (*An Honourable Member*: "Of Bombay.") Sir, I am not an economist, but when this black ratio was imposed upon this country, Sir Basil Blackett in this Assembly said that a higher ratio was injurious to the best interests of the country. We all know that one and six is higher than one and four. Sir, it is the economic factors which have made or marred the history of countries in the past and it is those economic factors which are now having full play and making a new history in India. Once the economic factors are let loose it is difficult to control them. If these economic factors were taken care of and looked into in time, and if they were remedied, the present deplorable condition would not have arisen.

Sir, then, there is another grievance to which reference has been made by the Honourable the Finance Member. He has replied to the four charges that have been made against the Government. I submit that the cumulative effect of all those charges is that they have depressed the trade and industry of this country. The capital which should be utilised for the development of industries and trade and commerce of the country has been diverted to meet the demands of the Government. There was a time when public companies refused to receive deposits. Now, they cannot get deposit because Government pay a higher rate of interest than the companies. This has seriously told upon the trade and industry of this country and we do not know where it will lead to.

Then, I would like to know from the Honourable the Finance Member whether all the Customs revenue collected at Viramgam, which is credited to the Government of India, belongs to it, or whether the Government of India intend to meet the claims of the States and make a refund to the maritime States of Kathiawar in accordance with the treaty of 1917. When an adjustment is made of this item, then I am afraid it will make a further deficit in the Government of India Budget. Sir, this Budget will deepen the discontent, aggravate the unrest that is prevailing in the country, and this House cannot and should not be a party to accentuating that discontent. The country is not in a mood to tolerate this heavy expenditure. The raid that has been made on the income-tax at a time when people's income has fallen, can only be justified by national emergency, and I submit that a national emergency has not arisen. You have

not explored all the avenues of retrenchment. You have not removed the waste, and you have not listened to the appeals of the people for retrenchment. At a time when the country wants relief, you want to place this crushing burden on it. The first principle of taxation is "No representation, no taxation". You cannot say that this House represents the people of the country. We as legislators cannot be a party to laying this additional burden on the country. This will be the last straw that will break the camel's back, and I ask the Government to consider where their policy will lead to. We all hope that the Government will consider and find out all avenues of retrenchment and reduction. That will be the only remedy for saving the country's credit and removing the deficit.

Sir Hugh Cocke (Bombay: European): I am aware that Bombay has been a rather depressing place in the last few months, but I did not think it was possible for any depression to have made its mark on an Honourable Member to the extent that the Bombay depression appears to have made its mark on my Honourable friend. He said that the Budget was a thoroughly bad thing and he went on at some length to give a list of the various respects in which the Finance Member had failed, so it was rather welcome to hear him say that the Finance Member had our sympathy and thoroughly deserved it. It did not seem from his remarks that the Government deserved any sympathy at all. The Honourable Member who opened this discussion said that it was the duty of the Finance Member to cut his coat according to his cloth, but he did not explain, if the cloth was not enough to go round the body of the Finance Member, what the Finance Member was to do about it. Apparently he would have to leave a portion of his body exposed.

Maulvi Muhammad Yakub: Let him content himself with a waist coat instead of a coat.

Sir Hugh Cocke: It is the duty of the Finance Member to cover his expenditure with his revenue, and therefore the saying which my Honourable friend quoted was not perhaps entirely apt. There are two things that produced a cheer during the Honourable Member's Budget speech. One was the taxation of liquors and the other was the proposed appointment of a Retrenchment Committee. I do not want to enter into the question of the liquor tax except to explain to Honourable Members what I believe is an undoubted fact, that the liquor which is thought by some to be consumed mainly in messes and clubs and in the houses of Europeans is rather a myth. I believe the bazaar trade in wines and spirits in India is far in excess of what one might call the first class trade. I do not deplore these duties, provided they are suitable from the point of view of producing revenue. As regards the Retrenchment Committee, that recalls to my mind a debate in this House a few years ago, when the Honourable the Leader of the Opposition took part in it, if he did not actually move the Resolution and I urged on that occasion that if you were going to have a retrenchment committee it was essential to have a small expert committee which, even if it were not a whole-time committee like the Tariff Board, would at any rate occupy a considerable amount of its time in going into the inner working of the Government Departments. A committee like the Inchcape Committee is all very well. It can inflict large cuts here and there, but unless you have a committee going into the details of the administration, sitting in the

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Customs Houses, and so on, and really going into the question of the staff, hours of work and so on, you won't get to the bottom of the trouble. I know that such committees are not popular in any place, whether in a Government office or in any other office. It takes up the time of the staff, but still I do maintain that a small expert committee is really what is required. I think we made some impression upon Sir Basil Blackett, because in replying to the debate the only defence he put forward was that the expenditure on the committee would be considerable and therefore there would be no retrenchment at all! The Honourable Member in his Budget speech devoted some time to the question of the pay of the services and analysed the large figures of expenditure in such a way as to show the House that the economies that could be effected were not as great as is often argued. He stated that it was not a case for hasty action, and I think we all agree, because obviously it is an all-India matter. You cannot suddenly cut down the pay of any branch of your staff without that rotting all over India. I think it is quite time that this committee was set up to go into the pay of new entrants into the service, and although the effect of that will be slow, at the same time it is quite time that a commencement was made.

Coming to the question of income-tax I have heard various protests about the increases, but I do not know that I have heard any constructive suggestion which would raise a similar amount of revenue,—any constructive suggestion which, having regard to all the circumstances, political and otherwise, which exist today, would be considered a suitable alternative by this House. The increases in the rates are fairly substantial for the lower paid income-tax payers, increasing, as they do, the rates from 5 pies to 9 pies up to Rs. 5,000, from 6 pies to 11 pies from Rs. 5,000 to Rs. 10,000 and from 9 pies to 14 pies from Rs. 10,000 to 15,000. These increases which start from about 80 per cent. are very substantial. One is naturally inclined to compare the position of a married man in India with the positon of a similar married man with a family in England, where special allowances are given, and it may be that there is a very good case there for some amendment in the rates. We have not got to the stage yet in India when bachelors are taxed at one rate and married men at another. That has been reached in the United Kingdom where allowances are given to a man with wife and children. Actually a man in the United Kingdom drawing £600 or £700 a year has to pay only an income tax on an equivalent of £200 or £300 at the maximum rate.

We are asked in the Budget speech to consider the question of carrying forward losses. Well, that is a thing which ought to be proceeded with. The suggestion was made last year that this change would be made if financial circumstances permitted it. They do not permit of it now, and therefore the matter is thrown forward again. Sir, there is no question whatever I think that the present method is inequitable. A man makes a profit of 2 lakhs in one year and a loss of 2 lakhs in the next. He is taxed on his profits, and he gets nothing back for his losses. Therefore, that cannot be right, as in the two years he makes no income at all yet he would be taxed as if he had enjoyed an income of 2 lakhs. Therefore, the commercial community undoubtedly looks forward to this change as early as it can possibly be made. It is a question of course whether this increase in the gross rate of taxation from 19 pies to 26 pies is not one which will react against the revenues in that it will not at this

particular time bring in the results which are anticipated. It is a rather remarkable thing that in the current year, when of course the income-tax revenue was mainly on the incomes of the previous year (which had been more or less normal), the Budget expected a return of Rs. 17 crores 23 lakhs, and only got just over Rs. 15 crores—a shortage of Rs. 2 crores 19 lakhs. Well, that may have been due to some extent to the political disturbances in the country, because that revenue also includes the tax on salaries, and lots of people lost their jobs or suffered a decrease in salaries as a result of the depression, but it looks as if the actual taxation of profits made in the previous year did not yield what it was expected to do, and now of course in the coming year we are going to tax profits which are very much depleted.

It is satisfactory to notice, Sir, that the Civil Administration figure as a result of the retrenchments so far effected is down for the first time after a very long period. The expenditure which was roughly Rs. 8½ crores in 1923-24 gradually worked itself up to Rs. 12½ crores in the revised figures for 1930-31; in other words, there was an increase of 50 per cent. in the Civil Administration expenditure in seven years. Now, for the Budget year, a figure of just over Rs. 12 crores is budgetted for, so that at any rate we have started what I hope may be a continuous reduction in that figure.

As regards the amount set aside for the Reduction and Avoidance of Debt, Honourable Members will have noticed that it has shown a steady increase since 1926-27, when it was about Rs. 5 crores, and that it has gradually risen to nearly Rs. 7 crores. That has been due to the method of working out the convention agreed to during Sir Basil Blackett's regime. But I should like to point out to the House the peculiarity of Government finance in that our deficit for this year, which is an uncovered deficit and amounts to roughly Rs. 12½ crores, has in effect wiped out two years of our contribution to the Reduction and Avoidance of Debt. The figures go in as if that amount was put aside, but having actually put it aside on paper, you proceed to take it back again. Therefore on account of our deficit this year, we have not really put anything aside for the Reduction or Avoidance of Debt during the last two years. We used to have a Revenue Reserve Fund against which were put any deficits which arose, but that was very short-lived. In 1926-27, we had Rs. 2 crores 95 lakhs put into that Reserve, but most of it went out next year and the balance went out in the following year.

Sir, speaking on the whole, I think we must express some measure of satisfaction at the Budget; and although we naturally regret the increased taxation which has been found necessary, we realize that to some extent at any rate that has been due to the political disturbances in the country; and I should think no one would be more glad than the Finance Member at the settlement we are expecting to hear announced today which will bring an end, as we hope, to that campaign. (Applause.) That should react very much—even leaving the world trade depression as it is,—on the revenue figures for the coming year. Reference has been made to the fact that at some time in the not distant future this business will be changing hands, that the managers will be replaced; and one is tempted to speculate what the first national Budget will bring out, whether there will be any attempt to impose taxation which will be more general throughout the country than it is easy for the present Government to impose today, knowing the feeling that exists in the country; because although

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we are often told that expenditure is far too heavy and must be cut down, we are also told that not nearly enough money is spent on education and on the nation-building services. Well, obviously the new Finance Member of the future when he occupies his place on this side cannot have it both ways. He has either got to raise more revenue and go ahead with his education and nation-building, or he has got to follow the course that has been followed in the past of keeping taxation down to some extent and starving also to some extent those special items of expenditure to which the House attaches such great importance. At any rate I do not want to dwell upon that; I merely want to say that I think the Finance Member, although he has obviously taken the easy course, and has not gone into the difficulties of succession duties and the difficulties of taxation which might be more widespread; I say that although he has taken the easy course, I think we must on the whole congratulate him on having given us a very fair Budget. Any particular items with which we may disagree we can discuss later when the cuts come up, but on the whole it is a fair Budget; and now that we see some chance of more peaceful conditions in this country during the coming year, I hope the results of that Budget may be even better than he anticipates.

Captain Sher Muhammad Khan Gakhar (Nominated Non-Official): Mr. President, it is a rare thing for a soldier to speak in a political Assembly. It is rarer still for him to speak in a Budget discussion. Figures and politics do not go well with the training of trench warfare and smallarms. But a friend of mine encouraged me by describing the general discussion of the Budget as the day when anybody can talk of anything on God's earth in the Assembly. As such, I crave your indulgence and I hope that you will be pleased to stretch the rope of relevancy longer in my case than you would in the case of others—particularly my lawyer friends—who can defend themselves from rope and gallows. (Laughter.)

My Honourable friends who have preceded me have referred to the financial, economic and tariff aspects of the Budget. I shall refer to one topic which is known to them all and which is as much a concern of the industrial classes as of the rural classes, I mean the defence of India.

It is almost a truism in politics that the preservation of law and order is the supreme function of every civilised government, and the defence of India does indeed present some very delicate problems. Perhaps the most important question at the moment is the Indianisation of the commissioned ranks of the Army. This calls for a statesmanlike tackling to satisfy the demands of efficiency and the legitimate aspirations of India. Both must needs be reconciled. In this connection I take this opportunity, and I hope the House will support me, to welcome His Excellency the Commander-in-Chief's latest announcement regarding an Indian Sandhurst. It is a wise decision to promise a Committee to explore this question immediately, and I hope and trust that the personnel of this Committee, which even we soldiers have learnt from our friend politicians here is more important than the announcement of the Committee itself, will ensure accommodation for all the martial elements concerned.

We all know, Sir, that a substantial portion of our Budget consists of Military or Army allotments. We also know that the Army Budget is more or less a non-votable item. As such we cannot adequately

debate and emphasise the necessity of a substantial standing Army in India, necessary to guard her three-cornered frontier. But I think I should be failing in my duty if I were not to raise a mild but genuine protest, at this stage, against the system of selection of officers for the commissioned ranks. I hope Honourable Members in this House will forgive me the brutal frankness of a soldier in the remarks that follow. We in the Army live and die for our tradition. We resent it, and naturally too, when a certain non-martial class who did not care to patronise the rank and file of the Army, now come forward to appropriate to themselves the lion's share of the highly paid commissioned appointments. We submit that the appointments in the Army should not be made a mere marketable commodity, open to whosoever can cram up and vomit forth a few neatly coined sentences in the examination. We have no preferences for Hindus, Mussalmans and Sikhs. We claim consideration for the martial classes of all sections who carry in their blood from their cradles the traditions of dying gloriously for their King and country. I therefore hope that in the course of this financial year, steps will be taken to encourage the martial classes so that a sufficient number of promising youths from these classes will be available in time for the higher commissioned ranks that will now be open to my countrymen. In this connection I would invite particular attention to the claims of the Punjab Mussalmans, who constitute 40 per cent. of the total Indian Army, and of the Pathans, Sikhs, Gurkhas, Rajputs, Jats and Mahrattas according to their percentage in the Army. The problems of administrative control and *espirit de corps* necessary in the regiments demand that there should be common traditions of martial instincts in all the officers and the rank and file. Experience and justice therefore suggest that, as far as possible, the selection for commissioned ranks should correspond to the proportion of the various tribes in the rank and file, and in order to ensure this desired result, I would particularly appeal to His Excellency, our illustrious and gallant Commander-in-Chief and his advisers to initiate a bold scheme of subsidies and scholarships to the promising lads from the martial classes, with a view to equip them to lead their men on the lines laid down by the Britishers with the back-ground of their public schools and Sandhurst.

Mr. President, it is the politicians who make the war, but it is we soldiers who have to fight and win it. I hope I will therefore be forgiven when I say that our love for our Motherland is second to none, and I hope I can say without fear of contradiction that the Indian soldiers would live and die for their Motherland as gloriously as the best of the soldiers have done in any part of the world. But pray do not detract from the efficiency of our Army by applying mathematical formulas and geometrical meters to secure the Indianization within 'x' number of months or years. Let us all concentrate on securing it as quickly as possible, but you cannot create a General out of a collection of men any more than you can command the waves of the ocean not to flow where they list. Assemblies and Secretariats can work as machines, even if some of the component parts happen to be like myself, but one loose screw in the Military machine will mean disaster for hundreds possibly thousands of men and to the peace of nations.

One word more, Sir, and I have done. I was pained to hear the other day the speech of my Honourable friend, on the opposite bench—

[Capt. Sher Muhammad Khan Gakhar.]

I am sorry he is not in his seat now—who, in a fit of excitement, described his great community as throttling the throat of my community. I could have talked in the same spirit, but I will not do so. I have had the privilege of serving with and leading my brother Sikh soldiers. I respect their chivalry second to none. But I respect them, more than anything else, for the fact that the best of them, unlike my Honourable friend, rightly appreciate the good points of others and forget the bad points. I submit that if the Mussalmans and others similarly start vomiting political bile in this Assembly, none will be the gainer, and India will lose, and may I as a soldier, who loves fighting, appeal to my Honourable friends, that there are moments in the struggles of nations when the most chivalrous fight is not to fight. Therefore, let me warn my Honourable friend through you, Sir, that if gods care or condescent to take notice of his ultimatum to fight, he will find Mussalmans a hard nut to crack, but I beg of him and others that we should so express ourselves here and outside that we may all talk vehemently and strongly and act strongly and boldly for the honour of India and the Empire and not for petty communalism. I reserve a further expression of my views on the Indianisation of the Army for a later occasion.

Rai Sahib Harbilas Sarda (Ajmer-Merwara: General): Sir, I thank you very much for allowing me an opportunity to say a few words about my unfortunate province, for this is the only occasion when I may speak in its behalf. Ajmer-Merwara has no local Legislative Council to discuss its affairs: and it only returns one Member to the Legislative Assembly who is helpless here, as year after year long before the turn of Ajmer for the discussion of its budget comes, *Qatal-i-Am*, for which Delhi is known to all students of history, begins and Ajmer-Merwara falls a victim to the slaughter of the innocents, without a sigh from the Treasury Benches or a protest from the rest of the House. Sir, no part of British India is so badly treated as Ajmer-Merwara. From 1818 when the British Government acquired possession of Ajmer-Merwara till 1871 it enjoyed the rights and privileges which were enjoyed by most provinces in British India. In 1871, in order to facilitate the working of the policy of Government towards the Native States of Rajputana, Ajmer-Merwara was made a non-Regulation province. Its Government became more or less autocratic. The rest of India continued to advance but Ajmer-Merwara was not in the march. The Minto-Morley reforms came, but Ajmer-Merwara had no place in them. Later on, the Montford reforms were introduced, but Ajmer-Merwara had no place in them either. As a belated measure, in 1924, Ajmer-Merwara was given the right to elect a Member to this Assembly. But when the cry from India became more insistent for greater freedom and greater political advance, the rest of the provinces were promised provincial autonomy, but the administration of Ajmer-Merwara remained where it was. And as a reward for its loyalty and as an appreciation for its high cultural traditions and its high and important place in the history of India, it was recommended that Ajmer-Merwara should be deprived of the one right, that had been given to it during the 110 years of British rule, namely the right to return a Member to the Legislative Assembly by popular election. This, Sir, is the realization of the policy of progressive association of Indians with the Government! Such is the proposal of the shining light of the Liberal Party who presided over the Statutory Commission. Even the

local Government of Ajmer-Merwara found it impossible to support this proposal of the degenerate follower of that last of the Liberals in England, Sir Henry Campbell Bannerman, who held that even "good government was no substitute for self-government". Sir, the party which has abandoned its great liberal principles is now coming to an end in England and I hope the Government of India will consider that the recommendations so reactionary in themselves are in no way fit to be accepted. The Local Government, however, true to the traditions of the Political Department—for it is the Political Department that now administers Ajmer-Merwara—while declaring that no reasons had been given by the Commission for taking away from the people of Ajmer-Merwara the right of election, has recommended that this right of election should be given to the Municipalities and the District Board of that province. Sir, this proposal is worse than nomination. The Municipalities of Ajmer-Merwara have a very large number of nominated members, and the District Board of Ajmer is nothing but the Commissioner of Ajmer, *plus* a few of his nominees. Sir, by their recommendation, the Government are trying to secure all the advantages of nomination without the odium and the reactionaryism that is involved in the proposal of depriving the people of the power of election and substituting for it nomination.

Sir, Delhi is about the same size as Ajmer-Merwara and has about the same population. Now it has been recommended that in the new constitution, Delhi should have two Members in the Legislative Assembly and one Member in the Council of State. Ajmer, on the other hand, is asked to remain content with one mutilated Member, in the Legislative Assembly, and one-third of a Member in the Council of State, for Ajmer-Merwara is asked to elect a Member to the Council of State at every third election, that is once in 15 years. Sir, the North West Frontier Province, one of the minor administrations, is going to become a full Governor's Province: Delhi is advancing; even Coorg, another minor administration, half the size of Ajmer with less than half its population, has not only got a local Legislative Council, which administers its affairs, but it has now been recommended that it should elect a Member to the Legislative Assembly, and a Member, on the same lines as Ajmer-Merwara, to the Council of State. Sir, a province like Coorg, which is half the size of Ajmer-Merwara with less than half its population, is not only to have the same rights in the Legislative Assembly and the same political status as Ajmer, but in addition, it is given a local Legislative Council to administer its local affairs.

The net result, Sir, is that while the rest of India is progressing and is advancing in political status, Ajmer-Merwara is retrogressing and is recommended to give up what little it has been given during the last hundred and ten years. I am reminded of the true saying contained in the book held sacred by the Christian Government of this country, which says that to those who have much, more shall be given and from those who have little, that little shall be taken away from them.

Sir, it is sometimes said, in order to justify the neglect with which Ajmer-Merwara is treated, that Ajmer-Merwara is a deficit province. This is absolutely untrue. Of the ten minor administrations in India Ajmer-Merwara is the only paying concern: it is the only surplus province. According to the latest published Administration Report of Ajmer-Merwara, that for 1927-28, the total income of Ajmer-Merwara is Rs. 27,65,371-3-1

[Rai Sahib Harbilas Sarda.]

and the total expenditure Rs. 26,10,038-7-7. In order, however, to create an excuse for treating Ajmer-Merwara unfairly, in the balance sheet in the Administration Report, a sum of Rs. 15,80,092-15-1 which is paid as interest on public debt from the Government Treasury at Ajmer is included on the expenditure side, and thus Ajmer-Merwara is shown as a deficit province. This amount of 15 lakhs odd has as much to do with the revenue or expenditure of Ajmer-Merwara as with those of Delhi or Trichinopoly. It is paid to the holders of Government debt in the shape of promissory notes, bonds, etc., and in the body of the Administration Report itself, it is stated that the holders of most of these bonds do not belong to Ajmer at all. In any case, even when a few of them live in Ajmer, it is not a legitimate charge on the administration of Ajmer. If, for instance, some rich men in Ajmer held Government promissory notes worth 3 crores, will the interest payable to them by the Government Treasury at Ajmer be charged against the expenditure in the province?

I will only say one or two words with regard to the culpable neglect with which my province has been treated, in the matter of education. In other provinces in India, compulsion has been introduced to a more or less extent. In Delhi, compulsion obtains. It is only in the North West Frontier Province and Ajmer-Merwara that this system has not been introduced. But, while Government are afraid to introduce it in the North West Frontier Province as the people there do not want it, in Ajmer-Merwara the people have been clamouring for it and the district authorities have also recommended that it should be introduced. But the one reply which the Government of India have got to give is, "no money". Sir, while Ajmer-Merwara is always given the reply that there is no money, to Delhi and the North West Frontier Province, the Government of India give financial assistance with both hands. I do not for a moment grudge any grant that is being given to the North West Frontier Province, for the people of that province deserve all the help that can be given to them as also those of every other province. I only want to show the unfairness, comparatively speaking, with which Ajmer-Merwara is treated in the matter of grants from the Government of India. Leaving aside the question of compulsory education, you will find from the last Quinquennial Report on Education that the expenditure on girls' education actually went down from Rs. 10,595 in 1921-22 to Rs. 6,909 in 1926-27. The Government expenditure on education in Delhi which, as I have shown, is of about the same size and has the same population, is about Rs. 2,56,949, while in Ajmer it is only Rs. 57,828. In Ajmer, according to the Quinquennial Report on Education, only one per cent. of the girls of school-going age attended schools in rural areas, which is the lowest to be found anywhere in India.

Sir, Government should take heed lest the conviction sink into the minds of the peaceful people of Ajmer-Merwara that if they want justice to be done to their province, the only way to secure it is to develop an ability to give trouble to Government. Do Government wish that peaceful provinces should come to believe that their claims would be listened to in proportion as they had the ability to make the Government of India uncomfortable? Speaking here on behalf of my constituency, I say with all the emphasis that I can command, that the people of Ajmer-Merwara will not be satisfied unless some machinery is devised which will give to

the people of that province the right to participate in the administration of the country in the same way and to the same extent as is proposed to be given to the people of other provinces. And so far as the Central Legislature is concerned, the people of Ajmer-Merwara should have the same rights and the same status as the people of Delhi which as I have said is of about the same size. If Delhi is to have two Members in the Legislative Assembly and one in the Council of State, there is absolutely no reason why Ajmer should not have an equal right to return two Members to the Legislative Assembly and one Member to the Council of State. And there is all the greater reason for this now, because when the number of elected Members in the Legislative Assembly which is now 105 expands and the Assembly consists of more than 200 Members, Ajmer-Merwara would be fully entitled to return at least two Members to this Assembly.

Dr. R. D. Dalal (Nominated Non-Official): Mr. President, I fear this Budget for 1931-32 will create considerable criticism throughout the length and breadth of the country by reason of unprecedented increased taxation. But I submit that we must consider the subject as a whole, and when we take into consideration the unpleasant factors that prevailed during the last 12 months, namely, great economic trade depression and the campaign of lawlessness which destroyed confidence, restricted credit, and dislocated business, we cannot but admit that the proposals made by the Honourable the Finance Member are equitable and that the increased taxes are only inevitable. Then, Sir, I cannot help offering my most cordial congratulations to the Honourable the Finance Member on the way in which he has courageously handled a situation full of difficulties. Now, Sir, I propose to make a few remarks on behalf of the rural population. You naturally ask what qualifications I have for speaking on behalf of the rural population. Sir, as you are aware, I come of a family which is one of large landholders and one of the pioneers of agricultural prosperity in Gujrat,—Western India—so since my childhood I have been in contact with rural masses. But what is more, I have worked among the rural masses for 30 long years. So you will be pleased to concede that I do not speak to the House as an uncertified adventurer out of the street. Sir, in paragraphs 72 and 73 of the speech of the Finance Member introducing the Budget for 1931-32, he says that he is left with a surplus of 31 lakhs and that he wishes to give grants for beneficial purposes. Now, Sir, I respectfully ask, what better beneficent scheme can there be than the travelling dispensary system of medical relief and public health propaganda in rural areas? Sir, in the constituency of Bombay Southern Division from which you come to this great Central Legislature, the Belgaum Red Cross Executive Committee have established two Red Cross travelling dispensaries, one in the Belgaum District and one in the Kanara District. Now, Sir, I am not going to trouble the House with the details of these travelling dispensaries. Suffice it to say that these dispensaries have done excellent work and they have grown into the hearts of the rural population. You naturally ask, what do these dispensaries do? The functions of these travelling dispensaries in one word are, to take medical relief to the doors of the villagers, and to educate them by lantern lectures in their own vernaculars as regards the most killing diseases, namely, plague, cholera, small-pox, malaria, tuberculosis, guinea-worm disease, evil effects of administration of opium to infants, and child welfare, and also to train school masters,

[Dr. R. D. Dalal.]

police officers, village officers, circle inspectors, and foresters as to disinfection of drinking-water supplies with permanganate of potash and local treatment of snake-bite with permanganate of potash. Now, as to the cost of one travelling dispensary, the initial expenditure is Rs. 1,000 for the equipment, and the upkeep of the dispensary will cost Rs. 2,400 per annum. India comprises nine provinces, including Burma, and these provinces contain about 270 districts. So during the first year the expenditure for the equipment and upkeep of these 270 dispensaries will be about 9 lakhs of rupees, but in every subsequent year the expenditure will amount to about 6½ lakhs. The Belgaum Red Cross Executive Committee have sown the seed, and now it is for Government to ripen it and to reap it. I am strongly of opinion that this good work should be expanded and extended as it should be and as in justice it must be. It would be justice for the poor destitute rustic folk and for the poor sick villagers who bear their hard lot bravely. Sir, it is just possible that the Honourable the Finance Member may not be able to make a grant for this purpose; but surely it should not be an impossible matter to cast about for ways to cut down expenditure here and there to finance the measure I am advocating—a measure which is fraught with such enormous potentialities of benefit, and which will come in as a second string by way of medical relief and improvement of public health to India's bow, and which is bound to set its mark on the mortality of rural areas. Sir, I submit that finance should not be allowed to prove an insurmountable difficulty where the question of the health of the whole country is concerned, and that means of overcoming the difficulty should be found. I need hardly point out that the condition of the rural masses is most deplorable. There are times when they suffer great hardships. The bulk of the masses out of reach of regular dispensaries and hospitals frequently suffer great hardships when illness befalls them; and between the hard and rigorous conditions under which the rustic folk earn their living and the equally hard and rigorous conditions under which they live they have to face a heavy burden, so the poor people need all the help and support that can be given to them. Sir, I earnestly commend this modest proposal to the sympathetic and favourable consideration of the Honourable the Finance Member, and the sympathetic treatment of this question will earn the commendation and gratitude of the rural masses for Government, whose beneficiaries they are.

1 P.M.

My Honourable friend, Sir George Schuster, is an Officer of broad vision and great sympathies, with a great love of justice, and I earnestly hope that he will do all he possibly can to help the rural masses. One word more and I have done. Under the Red Cross Act, XV of 1920, the Viceroy is the President of the Indian Red Cross Society. The Red Cross work that I have just referred to has been done during the term of office of His Excellency Lord Irwin—a Viceroy who has taken a deep interest in Red Cross work, a Viceroy upon whom the eyes of all India are at the present moment turned in gratitude and reverence, a Viceroy who will go down to posterity as the Apostle of Dominion Status to India. (Applause.)

The Assembly then adjourned for Lunch till a Quarter Past Two of the Clock.

The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. President in the Chair.

Diwan Bahadur T. Rangachariar (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I do not want to follow on this occasion the usual practice of paying compliments to the Honourable the Finance Minister. We have had bitter experience of paying compliments, and when one Finance Member succeeds another we discover afterwards that the compliments paid have been in vain. For instance, Sir, referring to recent years we were deluded into the belief that we had balanced the Budget, balanced the gap between receipts and expenditure, and embarked upon, at any rate the Government embarked upon, giving effect to recommendations made by Commissions and others, increasing the permanent expenditure of the Government of India in the shape of increased pay and allowances to certain Departments and afterwards extending those recommendations to various other Departments not contemplated by that Commission. They took the view as if the prices which then prevailed would prevail for ever; they took the view that the finances of the Government of India had become stabilised and therefore they could embark upon those extravagant schemes. I think, Sir, the Finance Minister of the day was responsible for the state of affairs in which we find ourselves today. I do not think the Finance Minister is at all to be blamed in this matter; in fact no single individual is to be blamed for this. The whole position is due to, as the Honourable the Finance Member himself has said in a way but not said it completely, what is inherent in the system. That position, Sir, is due to the system of public finance which we have had for the last 100 years and more. Sir, if the West can learn from the East, there are two rules which our public financiers and people handling our finances used to observe. The Finance Ministers of our Kings were compared to the sun. The sun, Sir, may sometimes be complained of as producing excessive heat, but the sun is a beneficent God. He, Sir, absorbs the moisture from the ground, but he returns the moisture a thousandfold. The Finance Minister was advised to compare himself to the sun and return the taxes to the people from whom he takes them in some shape or other. For what purpose do you take the taxes? To return to them to the people, a thousandfold if you can, at least tenfold if you can, to the people from whom you take them. That rule, Sir, had all along been observed by our Kings in the past. The second rule that every Finance Member was asked to observe was that he should not take more than one-sixth of a man's earnings, and if these two golden rules had been observed by our Finance Ministers in the past, had been observed today, we would not have found ourselves in the situation with which we are faced today. But no, Finance Ministers can work wonders, they can work magic figures, they can juggle, they can gamble in monsoons, in currency and exchange. So I do not intend to blame any Finance Member of the Government of India for imperfections which we find in the Budget presented to us. Nor do I congratulate the Finance Member on the Budget which he has presented, because, speaking frankly, it is not a Budget on which we can congratulate him. Sir, the Honourable the Finance Member has not done all that he should have done even in the limited spheres in which he finds himself. Giving due weight to these difficulties and limitations under which he is suffering, I have got a complaint to make, Sir, on several heads of the

[Diwan Bahadur T. Rangachariar.]

Budget against the Finance Member. Sir, I was not here when the Finance Member took charge and made his first Budget speech. But there, Sir, I found a passage that as a student of Indian finance he said that he would go into the economic condition of the country, that he was closely studying the economic condition of the country, and I had hoped, Sir, as an able financier that he is, he would have finished that study by now and given us the result of his investigations into the economic condition of the country. Sir, we have yet to receive the results of that study. The Honourable the Finance Minister could not make the same complaint which we non-officials make that we have not the same access to the records of the Government of India that he has. But, Sir, we non-official Members labour under great difficulties in understanding the real finances of the country. We passed Resolutions both in the Council of State as well as in this House asking that the Government of India should periodically publish, as other civilized Governments do, a Year Book and Quarterly Books, giving us up-to-date information as to the various factors which go to make up the economic condition of the country. New countries like Australia, South Africa and Canada issue not only Year Books, giving up-to-date information, but every quarter they bring up the information, and what is known as the pocket bible book of the politician in those countries is supplied, and I get them, Sir, every quarter from the Dominions. Why, Sir, in our country, with all the costly establishment, we should not have up-to-date information, I really fail to see. I am ashamed to see that the Honourable the Finance Member, when he has to make his comments, has to rely on the figures, for what years? He has to rely on the figures for 1928-29, for which the latest information is available. Sir, that a Finance Member in possession of all the information in the country should take the figures for 1928-29 for the purpose of giving us guidance in order to discover what defects there are in the Budget or what proposals we should make, is a thing which no country in the world can tolerate except India. Why should it be so? With a Director of Commercial Intelligence, with a Director of Public Information and with a Director in charge of so many other Departments, with costly establishments, why this information relating to statistics should not be kept up-to-date, I for one cannot understand.

Sir, this matter was prominently referred to in the Report of the Indian Economic Inquiry Committee, which was appointed in pursuance of a Resolution of this House in 1925 by the Finance Department. I want to know what has been done to give effect to the recommendations made by that Committee? The suggestions made by my esteemed friend, Sir M. Vishweshwarayya, and other Members of that Committee have not been given effect to at all in any way. That Committee went exhaustively into the materials available, and they made certain suggestions. This was in 1925, and we are in 1931. When a question is urgent, the usual way is to refer it to committees and await their Report. The committees take all the trouble; Government spend a good deal of money on all these committees. I have presided over several committees, and I have been a member of several committees in my own humble way, but what is our experience? Things which Government want to get done are done with lightning speed. Lee Commission; at once given effect to. No reference to the Local Governments, no returns from Local Governments awaited.

They are given effect to at once; no exhaustive noting by the Superintendents, Under Secretaries, Deputy Secretaries, Secretaries, and so forth, and then they come back again. These things do not take place whenever the Government of India want things done. When they want things done, they do them with lightning rapidity, but when it comes to really giving effect to recommendations which relate to the public, they delay and delay. And here is an instance, where, especially when we are going to get a new Government, these things should be ready at hand. But we have not got any such information. And my Honourable friend, new as he was then when he first spoke on the Indian Budget, told us that he was going to study the economic condition of the country. Sir, I await the result of that study. I await it with anxiety, with avidity, because a fresh mind will be brought to bear, a trained mind will be brought to bear upon such an important question. On the other hand, we are dealing with antediluvian statistics in order to build our future, which, Sir, I think is not justifiable at all.

Again, my second complaint against the Honourable the Finance Member is that he seems to be easily satisfied. Our financial situation is deplorable. He admits that. It is due to many causes. It is due to world causes; it is due to internal causes. It is due to the unsettled state of affairs in this country, both political and otherwise. Now, under such circumstances, while he had budgeted for a surplus, he is faced with a heavy deficit. Last year, he asked us to sanction fresh taxation to the extent of Rs. 5 crores, and this year, he is asking our sanction to raise additional taxation to the extent of nearly 14 crores of rupees. Sir, there is a limit to the taxing of the people. I said that the golden rule should be not to take more than one-sixth of what a man earns. What is it that is proposed to be done at present? The only way in which we can deal with the present deficit is to touch the income-tax, and the Customs duties. There is no other source of revenue left. The other sources are either exhausted, or they belong to the provinces and not to the Government of India. If you touch the other sources of revenue pertaining to the Government of India, you will make yourself more and more unpopular. A Government which taxes the people, of course, is never popular; even a single pie of taxation is not liked; and it should be much more so when the taxation goes beyond the bearing point. It has got its own effects, direct and indirect. Sir, we cannot but deplore that, in an infant country like ours, where our industries have yet to come up, we cannot but deplore this heavy taxation, which is sought to be imposed by the income-tax proposals. Not that I object to it, I must make my position clear, because when you are faced with a situation like the one you have at present, we cannot but resort to these things, but one should strain every nerve to see that we avoid such a situation. Has that been done in this case? That is the point which I wish to stress in the few remarks that I propose to make. What has been done? What has it been proposed to do? In the shape of income-tax and super-tax, in certain cases you are taxing the people up to seven annas in the rupee; in some cases it comes up to four annas and five annas in the rupee. That is really taking away too much, not only from the trade and industry of this country, but from the man himself. His standard of living has already increased as your standard of expenditure has gone up. So, it must be with a bitter feeling that you should take so much money from the pockets of people who are toiling and moiling to earn a few rupees.

[Diwan Bahadur T. Rangachariar.]

Has the Honourable the Finance Member done everything, when he says at page 71 of the Budget speech as published in the *Gazette of India*,—

"I hope I have said enough to demonstrate that we have made a great effort this year to cut down expenditure."

Sir, my submission is that he has not. On the other hand, he is easily satisfied. Now, for instance, he gives credit to the Army Department for having saved Rs. 170 lakhs of expenditure. But, if you closely examine the figures,—as a layman I have done it, and not as a financier, not as an accountant, but I merely looked at the figures in order to see whether the Army Department could claim credit in the way they have done—if you look at the opening page of the Military Budget, you will find this. For the coming year Rs. 52 crores 60 lakhs is said to be the net expenditure. The gross expenditure is cut down by taking credit for Rs. 28 lakhs and odd—I am taking the net figure by adopting the method that they do, by deducting Rs. 28,76,000 as if it should be deducted. That is to say, there is a reserve fund or unspent fund from last year. Of course, unlike the other Departments, this Department has been allowed to accumulate the surplus of last year and keep it in reserve to be drawn for the next year. So, from the surplus of last year, or from such fund, they draw that amount, and because that money is not to be taken from the current revenues apparently, that is to say, there is no demand for it—of course there is no demand for any military item, it is non-votable, it is untouchable, it is not a question of demand at all—therefore, the net expenditure is really Rs. 28 lakhs odd more, and why they should take credit as if it was an item not spent I cannot understand. That is with regard to Rs. 28,76,000. Then, I compare these figures with the figures for 1930-31. To the net expenditure for 1930-31 they have added a sum which ought not to be added at all, namely, Rs. 46 lakhs, which, again, is an item taken from that fund. Rs. 46 lakhs is not expenditure at all. Rs. 46 lakhs is, no doubt, expenditure from that item, but it is not expenditure incurred by the Department, and therefore, that sum of Rs. 46 lakhs should be deducted out of the net expenditure shown under 1930-31. Now, Rs. 28 lakhs should be added to the net expenditure, that makes it Rs. 52 crores and 88 lakhs, and this item of Rs. 46 lakhs for 1930-31 should not be legitimately added, and therefore, the actual expenditure will come to only Rs. 53 crores 84 lakhs. The proposed expenditure would be, therefore, Rs. 96 lakhs less. If you deduct Rs. 52 crores 88 lakhs from Rs. 53 crores 84 lakhs, it will leave you Rs. 96 lakhs. That, again, is not a real saving at all. This Rs. 96 lakhs is really made up of another item of Rs. 85 lakhs, which ought not to come in at all. That comes in in this way. You will find that in the year 1930-31 they take credit for receipts. Under the receipts item, the last column but one, the receipts for 1930-31 are Rs. 3 crores 62 lakhs, whereas for the year 1931-32 they are estimated at Rs. 4 crores 47 lakhs, so that they get Rs. 85 lakhs more in the shape of receipts. So that, 96 *minus* 85, the real saving is only 11 lakhs, and not Rs. 170 lakhs. It may be all right as a book entry, but we are now concerned with the actual expenditure that goes out of the pockets of the Army Department. I quite realise that for book purposes, for audit purposes, it is all right, but take the actual expenditure. The proposed expenditure for the coming year is Rs. 52 crores 88 lakhs, whereas in the previous year it was Rs. 53 crores 84 lakhs and in this 52·88 this year you get, from the shape of receipts, 85 lakhs more than you did last year

I say you ought to get credit for that. It is not really money saved. From the taxation income you spend 85 lakhs more this year. It is a receipt from one head to the other. Just as a son gets Rs. 60 from his father and gets Rs. 40 from his mother. The money comes from the same pocket, and it does not matter whether the father gives it or the mother gives it. I am putting the matter as a layman. I think I am right and if I am wrong I dare say my Honourable friend will explain the position.

There are several matters like that. Take for instance the 25 lakhs from contingencies. You have already made a saving there, judging from the kind of pencils now being supplied. Then you say you are going to save on allowances. What those allowances are we have yet to discover. Have you done anything substantial in the matter of reducing unnecessary establishment? By saving in contingencies and allowances you make about 90 lakhs and you are easily satisfied. The Deparments have deluded you into the belief that they have done their work. You have not paid that strict scrutiny which you ought to have done when you are asking the country to bear an additional burden of 15 crores. In the last seven or eight years you have added to the burden of the people by more than 100 crores. I hope an Indian Finance Minister is going to handle the finances next year. He will be in a very sad plight. He will be a very bold man to take up the job. I will not aspire to be an Indian Finance Minister when the time comes. What is he to do? The provinces will be clamouring for at least an additional revenue of 40 to 50 crores in order to carry on their work. What is left for the Finance Member in the Central Government? My Honourable friend has tapped every source. The Customs cannot bear much more. Then there is the surcharge and the enhancement of the income-tax and the additional tax on liquor. The country will be asking for prohibition. We are already aiming at it in the provinces. You will be putting the new Finance Minister in a most pitiable plight. He will be the most unpopular man in the Government. If you put succession duties in a country of joint families, you will add further to the burden on the land. The land is theoretically paying 50 per cent. of the net produce as revenue. Then you take all sorts of cesses, the road cess, the education cess, the village cess, the watchman cess and so on. 70 per cent. of the population living on land live a hand-to-mouth existence. Prices have gone down. The only happy people I see today are the salaried servants of Government and of private firms. They get their pay regularly between the 1st and the 3rd of every month. Prices have gone down for them happily. Where they bought 2½ measures of rice for a rupee, they are now able to buy 5½ measures. Where they got 2 yards of cloth for a rupee, they are now able to get 5 yards. Every commodity has gone down for their benefit. The unhappy faces I see are those who live on land, producing paddy, wheat, jute and cotton. Where I sold paddy for Rs. 3-4-0, I don't find a purchaser for even a rupee and eight annas. But the Government *kist* is the same and it is collected in January, February, March and April. Where is the money to come from? I earn in Madras and remit the money to Tanjore in order to pay my *kist*. The Karnams and Tahsildars say that if they don't collect, they will be taken to task.

Then, there is the income-tax. I wish it could be collected in instalments, in two or three instalments as it used to be. All of a sudden you

[Diwan Bahadur T. Rangachariar.]

are called upon to pay your income-tax. It comes to one-fifth or one-sixth or one-seventh of your income. You find that all of a sudden you have to pay in a lump sum of Rs. 10,000 or 12,000 or 15,000. How are the business people to do that? These things fall heavily on the people. Have you done anything in the matter of retrenchment? In all conscience I say you have not. You have not used that axe which you ought to have used. It is very very unfortunate that we have to face a Budget like this this year. I do not propose to go into the details, because I shall have an opportunity of doing this when the Finance Bill comes on. I have often suggested to Sir Basil Blackett that he should keep a log book or something of that kind. I do not know the technical expression. I asked him to take up the Inchcape Committee's Report and keep an eye on every item, and work up slowly every year, so that we might know where they have gone wrong. Where is such a book? My Honourable friend has not yet produced his retrenchment proposals. It is unfortunate that Mr. Jukes is ill. Still you have taken a year. If Mr. Jukes was ill, you could have put on somebody else. The figures are there. My Honourable friend says he will be able to give us his Report before the end of the session. That is after we have passed the Finance Bill and the Budget. What use will it be then? The Assembly will be over and we shall have gone to our homes in Madras or Bombay or Bengal and forgotten the Assembly, and will meet after many months for a short session in Simla. We have not got a well-equipped secretariat to help us. These things should be given to us in time so that we may be able to give advice that can be acted upon. I have already exceeded my time limit, and I would now only add a few words in a friendly spirit. As the late lamented Lord Rawlinson told us on the floor of this House, my Honourable friend, Sir George Schuster, must consider himself the servant of the people and not of the Government of India. Let him apply all his ability, which I concede he has, in solving the most intricate problems which face India today. Let not his successor curse him for generations and generations. Let him apply himself to the task of placing the finances of India on a really sound and healthy basis and he will earn the gratitude of millions of this land. We thought that Sir Basil Blackett had saved the country, but now we find that he was merely a magician, juggling with figures. He told us a lot of things which we believed and acted upon. Sir, such a state of things should not be. Let us have sound public finance made over to the Honourable the Finance Member's successor, a trust which he accepts; let the trustee discharge his duties and give a clear, healthly balance. With these remarks I sit down.

Mr. G. Morgan (Bengal: European): Sir, Honourable Members will be very pleased to know that I am not going to range over the whole of the subjects in the Budget, and I would like at the same time to compliment the Finance Member on the fair Budget which he has presented. I think he has done all that was possible under the circumstances and in a very fair and general way. But, Sir, what I want to draw the attention of the House to is one particular item, and it will not take me very long to say what I have to say on that subject. It is with regard to the Central Committee on jute. The Finance Member says that he wants to earmark Rs. five lakhs from the estimated surplus of Rs. 31 lakhs for that Committee which he would like to get to some

useful work at once. Now I have had a great deal to do with this suggested Committee, and I would point out that in the first instance we objected to it very strongly. We only took up a more favourable attitude towards the suggestion when we heard that we had not to pay for it and also that it was not going to interfere with any of our trade customs or marketing. An officer, I think from the Government of India, came down to explain these things to us, and as far as I remember we boiled it all down to the question of more or less research,—and I think, Sir, I can say that research in jute is not wanted, and for this reason. The Director of Agriculture in Bengal for many years has been experimenting very largely and very carefully in jute fibre and has been trying to see if we cannot get a bigger yield of jute and if possible get an increased acreage. Well, all I can say is that the poor Director of Agriculture today is wishing he never had started it. He has got about 40 lakhs to 50 lakhs of bales which nobody wants, and now he is told to burn all his seed for next year? This Central Committee for Jute was proposed by the Agricultural Commission, but I think merely because they understood that the Cotton Committee on the other side was a useful body and did good work. We consider there is no analogy between those two Committees. Jute is a monopoly of Bengal, Bihar and Orissa and Assam and there is no competition from outside. The bogey that the Commission put up was the fear of competition of other fibres coming into the market. Now, Sir, I think that can be buried at once. Jute is a thing which can be Rs. 28 one year and can come down to Rs. 3 or Rs. 2 in a year or two: and I hold if anybody was foolish enough to put his money into any concern which would market a fibre to compete with jute, he would find that in a very short time he had lost all his money, because jute is an extraordinary article. It can be Rs. 28 in one year and it can be Rs. 4 the next, and yet it will be grown, for this reason, Sir. Between July and November in Bengal there is no other crop which will bring in money to the ryot, and before the Pujahs the ryot has to find money for his *kist* and for other purposes during the Pujahs. Now there is no other crop, and there is no research which will give us another crop for that particular season, and jute will always be grown. It may be grown a little less, but that it will always be grown, I am perfectly convinced, and no research work is necessary in that direction. I know that this amount is not in the Budget, but the Finance Member in his speech says that he might find it necessary to ask the Assembly to approve a supplementary grant, so that it might be suggested to the Assembly to give over these Rs. five lakhs long before we knew whether there was going to be a surplus of 31 lakhs or not. That 31 lakhs may not be realized, if conditions show signs of deterioration, and it might be that the Rs. five lakhs has been asked for before those signs of deterioration become accentuated. Therefore, I think the Finance Member will welcome our giving him a free gift of Rs. five lakhs while no other Honourable Member has suggested that there could be a saving of Rs. five lakhs in any direction; Sir, I think it would be a great mistake to earmark this. It is not a necessity at all so far as the trade is concerned; and when we are all talking about retrenchment and cutting down this and cutting down that, why should we spend Rs. five lakhs on what is anything but an urgent matter? If we have Rs. five lakhs to spend later on some years hence, well let it be spent. In a year when we have got no money, there is no necessity to spend it on starting a Committee which is not wanted at all.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): "At the same time we must not go too far in our pessimism, for a policy which magnifies unduly the burden to be put upon the tax-payer of today may defeat its own object by placing upon the commercial life of the country a load which will itself retard recovery". Sir, these are not my words (Hear, hear), these are the words that fell from the lips of the Honourable the Finance Member, and, Sir, in the few minutes at my disposal I propose to put these wise words to the acid test. The Finance Member has told us that the Budget taxation proposals should be of a character that should enable the country to recover from the depths of depression into which it has been plunged. Sir, a very few minutes after enunciating this great principle, he quietly proposes an increase of taxation of about 14 crores of money. Does he expect that, after taking 14 crores of money, out of the pockets of the people, he will place the country in a better position to recover from the depression in which it finds itself today? Is that his answer to the principle that he himself has enunciated? Sir, the text of all taxation is, firstly, that it should do the least harm possible to the country. I ask Honourable Members present to analyse the proposals and conscientiously say that the burden of taxation now proposed is in any way likely to produce an effect which will help us to recover. Sir, naturally, when you take large sums of money by way of income-tax out of the pockets of people, you take a comparatively large sum out of their savings: and when you take a comparatively large sum out of their savings, you starve all their investments, you starve industries and you starve trade. And you then go in a vicious circle. The British Chancellor of the Exchequer, a Labour Member as he is, will not dare to put additional direct taxation on the people of England because of the trade depression. Are we any better off in India than any other part of the world that huge direct taxation should be suggested on the present occasion?

Sir, I regret I am unable to congratulate the Finance Member on his proposals to fill up the gap. He will naturally ask—how is the gap to be filled up? His one concrete proposal is a Retrenchment Committee. Sir, we are rather tired of hearing of Retrenchment Committees. We want to see a little more retrenchment and less of committees. I agree with my Honourable friend the Leader of the Nationalist Party when he contended that Government at least in this country are extraordinarily slow to act. I will not add anything else to it, but that very often, when they want to act, somehow the wheels get clogged. In other countries when a crisis arises, we find Government working day and night to get over the crisis. Had not Government sufficient warning on the present occasion that there was going to be a big deficit? Within the first three months of this financial year, Government realised the position. And what did they do? Is there any retrenchment in this Budget? I contend there is not. You are budgeting for the same amount of expenditure as you did in the current year, and we have been told that there has been a retrenchment of a crore and 70 lakhs from the Army Budget. Sir, I was rather pleased to hear that, but on looking at the Budget I find there is no retrenchment. And if Honourable Members will take the trouble of looking at the figures, they, as laymen, not experts in finance, will agree with what I say. The Army Budget for the year 1931-32 is about 10 lakhs less than the Budget of the current year, and that retrenchment of 1,70 lakhs is

not actual camouflage, but as the ordinary man knows retrenchment and knows a cut, it does not exist.

I will just explain in two or three words how I understand the position. Some years ago, I think it was 1928-29, it was decided to have a stabilised Army Budget, and the figure was fixed at 55 crores. Modernization and mechanization was to be the order of the day and that was to continue for four years. This year's Budget, after certain modifications in the scheme about the details of which I will not trouble the House, ought to have been 54·20 crores. Instead of that, the Finance Member has agreed with the Army Department to reduce that 54·20 crores, which ought to have been the Budget for next year, by a crore, and 70 lakhs, bringing it down to 52½ crores. This is not a retrenchment from last year's Budget. There is a retrenchment or a reduction from what ought to have been the Budget for the current year under an understanding arrived at in 1928-29. I ask the ordinary man in the street whether that is retrenchment; and what is more, it is only going to be temporary, for the period of mechanization and modernisation is to be continued to six years. Sir, I do not think that is playing the game with this House or with the country in a critical period like the present one.

By the conclusions arrived at at the Round Table Conference, as you all know, it has been decided that the Army shall be a reserved subject and its budget shall be a first charge on our revenues. That presupposes that an inquiry will be made as to what should be the standard of the Army. What are our requirements? No such investigation has even been started. Surely in a critical time like this when it is essential that we should take from the people as little as possible to enable them to recover, you should have started an investigation immediately as to the standard of the Army. What are our requirements? What will be our requirements for the future? What check have Government themselves got on the Army Budget? The Commander-in-Chief is a member of the Government and is the principal expert in this country on the Army. And, if a military man, the head of your Army is a member of your Government, what chance, I ask you, have the other members of enforcing their will upon the experts who practically hold the position? I contend that the whole of the Government have no control whatsoever over this Military Budget. They are in the position of mere beggars, supplicants, asking for a dole now and then. They are not in the position of determining the Army Budget. I contend that the time has come, even without any further legislation, when Government should take up that position.

3 P. M. Sir, two crores are being spent in the current year on modernization and mechanization of the Army. A crore and a half is to be spent in the next year. Could not the Finance Member say: "Stop, I will not allow you to spend that crore and a half". Has he attempted to do so and did he fail? And if he failed, will he tell the Honourable House that he did fail? What is the use of modernizing the Army when we are starving? I can understand the requirements of the Army, but to talk of modernizing the Army at a time when you want five crores of money out of the tax-payer's pocket by increasing the income-tax, leaving aside the other taxation that has been proposed, is not right. It seems to be incongruous that the Finance Member should allow a crore and a half for modernizing the Army in a period of this kind. I say, Sir, I strongly feel that, under these circumstances, these demands should not be accepted and 1½ crores should be cut out of the Army Budget

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straightaway and this modernization of the Army should be stopped till we investigate and till we are convinced as civilians as to what the requirements of our Army really are, and what are requirements for the defence of this country. We are spending over 2½ crores, or somewhere near that on our air force. Have we proportionally reduced the expenditure in the Army because of an increase in this direction? That question has very often been asked. What are the requirements of the air force in this country and what do we want? Has any civilian been allowed to examine this question along with military authorities? It is only a clash of minds of the experts, and the non-experts that can produce the best results. We want a committee of investigation, consisting of civilians and a few military officers, who will go into the whole question of the Army expenditure and who will once and for all tell us, after careful examination, as to what our requirements are and what portion of the Army and to what extent we have to maintain an army for other purposes than absolutely and completely our own. Until that investigation takes place and until the Honourable the Finance Member insists upon getting that 1½ crores back from the Army that they propose to spend on modernization. I would respectfully submit that we should refuse some of the demands.

Sir, I do not propose to go into the question of the whole financial policy of Government. The time is much too critical to consider huge schemes. We are really in a critical position and if we do not all wake up, every one of us, and realise the position in which we are, then there will be starvation on all sides with little chance of recovery, because Government continue to demand whatever little surplus we may have; and if we do not realise that this critical position is to be met by drastic measures, we shall go the way that some ancient countries have gone before us. I strongly urge this Honourable House therefore to insist on a cut in the Military Budget of this year. (Hear, hear.)

An Honourable Member: Have we the power?

Sir Cowasji Jehangir: Well, we have the power to a certain extent. The next best thing is to refuse some of the demands. Let them be certified by all means. Use the powers you have got.

Then, Sir, we have heard, and to a certain extent rightly, that the political agitation has increased our troubles. I think that that aspect of the case has been exaggerated. If I may be allowed to put it in another way, commercial depression in this country has increased the political agitation. (Hear, hear.) If you but take measures to see that the country recovers and is given a chance of recovery, you will find that all political agitation will die a natural death. But instead of that, you are giving every phillip you possibly can by this Budget. If there was ever a remedy for a restless people. it is to see that they are fully occupied and earning a day's wage. We fully realise world conditions, but we also realise that other governments are taking the position and the conditions of today more seriously and more energetically than, I regret to say, I find the Government are taking it in this country. We have heard of all this retrenchment, but in the end the expenditure is the same as last year, both in the military and civil Budgets. Sir, I do not propose to go any further, but I would ask the Honourable the Finance Member, whether it is too late, even now, to make a cut in the Military Budget

and relieve us of the very awkward position of having to refuse some of his demands. If he did that even now, I am sure he would earn the gratitude of this side of the House and of the country, and what is more he would be helping to arrest the political unrest more than any other step that he or anybody else can take.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): Mr. President, my Honourable friend, Sir Cowasji Jehangir, has spoken from the point of view of the business man. I should like to address my prefatory remarks from the point of view of one who is interested in the agricultural population of the country. Sir, the policy of land revenue settlement is one that has a direct bearing on this Budget and though I am aware that land revenue is a provincial subject, I am compelled to refer to it on the floor of this House because the policy of settlement is really guided by the Government of India. No Provincial Government has been allowed to deal with this question of settlement and to pass Bills regulating the terms of settlement, and the Government of India have up to now held to themselves the power of regulating all Bills on the subject. Now I ask the Honourable the Finance Member to picture to himself the condition of the agriculturist. You take from him the revenue not in kind but in money; and the proceeds in kind are practically fixed, whereas the prices of commodities have fallen terribly. And you ask him to pay in money the same amount which you asked him to pay in previous years, whereas the outturn in money to him of all the proceeds that he is able to get is very much below what he has been able to earn in the past years. Has the Finance Member realised what this means to the agricultural population? And to add to that, the Finance Member comes forward with proposals for raising the Customs duty. It might perhaps have been argued, if that proposal was not before us, that what the agriculturist spends in paying by way of revenue, he saves in the purchase of those commodities which he can get, other than the produce that he himself gets from the land. But even that consolation is not left to him, so that on both sides he is mulcted. Whereas he has to pay out of all proportion to what his outturn is, he has also to get things really at greater cost than otherwise. It seems to me that a very grave crisis has overtaken the agricultural community, and it is a thousand pities that Government have not even bestowed a thought on the position of the agriculturist. Some remedy must be found if the agriculturist is to be redeemed in the coming year. I know his back is broken. He will not be able to pay taxes to Government, and the only remedy for you will be to sell his land and get this money.

Now, Sir, I do not want to examine the taxation proposals of the Honourable the Finance Member because I believe there will be another occasion for doing so, but I want to examine some of the incidental proposals which the Finance Member has made in connection with his Budget. And let me first deal with this military expenditure. My friend, the Leader of the Nationalist Party, and my friend, Sir Cowasji Jehangir, have laid stress on the fact that the military expenditure ought to be much lower than what it is at present. But I should like to place before the Finance Member another aspect of this question and an aspect which he is bound to take into consideration. The Honourable the Finance Member says that there will be a spread-over for three years instead of for one more year as we all understood it would be with reference to the contract amount which this House has so far undertaken to agree to with reference

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to the Budget. Now, if he were to read the Report of the Federal Relations Committee, the Honourable the Finance Member would find there that there is a proposal that when the new constitution is established, a new contract, a novatio is to be entered into between whoever represents the Federal Government at the time and the authorities who are in charge of the defence of this country, notably the C. I. D. of England. The C. I. D. there means of course the Committee of Imperial Defence and not the C. I. D. with which we have been so far acquainted. Now, Sir, I enter a caveat at once and immediately against this proposal of the Finance Member that he can bind this House till 1934 to the amount that he has suggested here. If I understand the Finance Member's proposal, it means that this spread-over will be carried out till 1934. That does not take note of the fact that in the very next year there may be committees sitting which by agreement will come to a contract every year with reference to the Budget, and I do not want anything that we may do here to stand in the way of that new agreement being arrived at by that committee.

Next, Sir, I come to the proposal of the Finance Member with reference to retrenchment. Many Honourable Members have blessed the Finance Member for this proposal of retrenchment. I do not do so. I know that retrenchment committees in the past have sat in the various Provincial Governments and in the Imperial Government, and I know what the result has been; and at this particular time I tell the Finance Member that it is peculiarly inappropriate for a retrenchment committee to sit at all. What is this Retrenchment Committee going to do? Is the policy with reference to any Department open to question by the Retrenchment Committee? Or are they merely to take off a *chaprasi* here and a lower grade clerk there and say that they have effected retrenchment amounting in figures to much less perhaps than the whole cost of the establishment of the Retrenchment Committee? And when policies are not open at this stage to be questioned, when the Government of the country is in the melting-pot, to give way to what we consider on this side a better Government, but at any rate to what all of us must consider as an alternative Government, I ask the Finance Member what he proposes to do with this Retrenchment Committee and how this Retrenchment Committee can effectually work at all? I take it that no serious question of policy will be taken up by this Retrenchment Committee and that policies are not open for examination. I have had experience of the working of retrenchment committees elsewhere and the work of the Retrenchment Committee will be very little indeed. The Finance Member says that we must hammer out a policy of retrenchment which will have lasting effect. How can the policy that you are going to evolve even if you submit it to a retrenchment committee, you who as such will have to disappear in the course of the next 12 months or 24 months at the latest, how can that have a lasting effect so far as the policy of the future Government is concerned? Therefore while I have no objection to a retrenchment committee being appointed as such, let us be in no delusion whatsoever that the work of this Retrenchment Committee is going to be something supreme, something which will bring about lasting benefit, something which will be in proportion to the expectations which may easily be raised in the minds of Honourable Members of the House when the suggestion for the appointment of a retrenchment committee is made. It will simply tinker with the problem; let us make no doubt about it at

all. It will have no power, and even the Treasury Benches cannot invest it with greater powers as they cannot dictate what the future policy is going to be. They have no authority to bind the future Government with reference to any policy of that kind, and I therefore say that this Retrenchment Committee should not be taken into consideration at all as a possible source whereby great savings will be effected in the next year when we consider the Budget of the Government.

Thirdly, Sir, I come to another proposal which the Finance Member has put forward. It relates to the pay and conditions of services. I am glad that the Finance Member has recognised that while the basic rates cannot be affected, other incidental advantages that have accrued from time to time may naturally, legitimately, and without any objection whatever be taken into consideration in revising these salaries. I am one of those who think that the basic rates of those who entered into Government service under a contract and under an expectation ought not to be in any way changed. I am not one of those—I am speaking purely personally now—I am not one of those who believe that Government servants ought to be subjected to the whims and fancies of anybody whatsoever in having their salaries cut from time to time. On the other hand the very talk of cutting the salaries produces a certain amount of anxiety, of disappointment and discouragement which I, for the good of the State, would not have accrue so far as Government servants are concerned. But, Sir, when my Honourable friend, the Finance Member, goes on to suggest that a conference is going to be held of Provincial Governments to revise the terms of future entrants, I again enter my caveat against it. I say that the Finance Member is precluded from entering into that question now. You have no business at this time to tie the hands of those who are going to succeed you, with reference to the scales of salaries of future entrants. Our own proposal is that so far as the present Government servants are concerned, while every right that has legitimately accrued to them should be maintained, while their basic standard should be maintained, there ought to be a sharp distinction made, in spite of obvious anomalies with reference to future entrants in the services. It is the right of the future Federal Government to dictate and to prescribe these scales of salaries; and it is not for you—you who are now, if I may say so without any offence in the position of a company winding up its business—to tie our hands down with reference to what the future scales of salaries of these services are going to be. I am making some point of this because I know what happened when the new dyarchic system of Government was introduced in the provinces. Side by side with the Government of India Act, while Devolution Rules were being framed, while the Local Governments were being asked to assist the Secretary of State in putting forward several rules which the Act contemplated, schemes of retrenchment on the one hand were taken up and schemes of revising the salaries of Government servants were taken up; and when the new constitution came into effect, when the new Governments came into existence in the provinces, when the Ministers had to deal with the subjects which were transferred to their control, they found that crores of rupees were added to the Budgets of the Provincial Governments because the Government which was losing its right over the whole of the services took very early care to see that all those revisions were made before the new Government stepped in. It was a most unfair thing to do. I am not here to indulge in recriminations

[Diwan Bahadur A. Ramaswami Mudaliar.]

or to rake up the past. But here I want at this very early stage to strike a note of warning and tell you that if you are going to have your Provincial Government representatives up there in Simla to discuss this question, we are not going to accept their decisions; and frankly there is no use whatever in having this Conference.

You are not going to regulate the salaries of future entrants. Within a year or two at the utmost, you are bound to hand over the concern of this Government to a partially responsible Government at least and to allow that Government to revise scales of salaries. What right have you here and now to fix the rates of salaries of future entrants and so make the task of that Government much more difficult than it otherwise would be? Therefore I say that this proposal is an unsound proposal of the Honourable the Finance Member and I trust that he will drop this proposal also.

As regards the income-tax proposals, my Honourable friend, Sir Cowasji Jehangir, has dealt with them and has shown how it will be a drag on the whole commercial community, and how it will be like killing the goose that lays the golden eggs. Whether it is by way of increase of Customs duties in certain cases or whether it is by way of these extraordinary income-tax proposals, I should doubt very much whether the ultimate result will be what the Honourable the Finance Member expects, namely, that large increase of revenue which he thinks at present is going to accrue to him by way of these proposals.

Last year, the Honourable the Finance Member talked of the possibility of establishing an economic council, a suggestion which my worthy friend, Mr. Shanmukham Chetty, made on that occasion: I do not know what became of that proposal; we have not heard any reference to it in the present Budget speech of the Finance Member. Last year a silver duty was imposed and this year the Honourable the Finance Member proposes to increase this duty. I should have liked the Honourable the Finance Member to have given us some more details as regards what the Government of India did with reference to the question of settling the price of this very important commodity. We all know how the price of silver has a very great bearing on the indebtedness of the agricultural population and on their capacity to sustain themselves in times of stress. The hoard of the agriculturist is mainly in the form of silver. My Honourable friend the Finance Member has suggested that some countries made certain proposals which were naturally not agreeable to him as not being in the interests of this country, but may I venture to tell him that at present there have been revived proposals with reference to this question; that the United States have put forward fresh proposals. and that, as we see from the papers, the British Cabinet are considering those proposals, and I want to ask the Honourable the Finance Member one thing; whether he is going to have a share in the consideration of those proposals or whether the Government of India is going to accept something which is done behind its back by the British Government or by the United States of America. We have a very great interest in this matter, both because of the holdings of the Government of India. and because of the fact that many a agriculturist has got his whole hoard in silver, and I trust that the Government of India will not merely have an active share in the settling of whatever proposals finally evolve from this conference, but that they will take some

non-officials at least into their confidence when these negotiations, delicate as they are bound to be, are in progress.

I do not wish to take up more time now, but I will only say that the proposals of taxation which the Honourable the Finance Member has put forward require our very careful consideration when that stage of the Budget comes up.

The Revd. J. C. Chatterjee (Nominated Non-Official): Sir, whatever criticism may be levelled against the Budget presented by my Honourable and distinguished friend, Sir George Schuster, no one can deny that it is a plain straightforward Budget, and that he has put the case plainly and fearlessly. He has told us that we are facing bad times and he has asked for our co-operation, so that we may work together for better times. It is easy to criticise a Budget like this, but it is extremely difficult to suggest anything which could take the place of the taxation which he feels he must impose.

The Honourable gentleman who opened the debate this morning described something of a utopia. He was hoping for a time, or at least he wanted that such a time should be brought in at once, when people in this country should all live at peace with each other, when magistrates and soldiers would work for nothing except for the honour of working, when outside invaders would cease from troubling and when internal dissensions will cease. Everybody would welcome a state of affairs like this. But although I acknowledge Sir George Schuster to be a most distinguished financier, I have yet to discover whether he also lays claims to being a magician or miracle-worker; for such a state of affairs as was outlined by my Honourable friend, a state in which no taxes will be required, can only be brought about by a magician. And being myself neither a financier nor a high politician, it seems to me that I can serve no useful purpose by criticising the Budget or trying to make suggestions as to how these heavy taxes could vanish away in a day. I will only mention one thing, and that is because it hits people like myself—a great many people like myself, and that is, the heavy increase in income-tax which my Honourable friend has proposed on men of average means. I do hope something can be done on the lines of what my Honourable friend, Sir Hugh Cocke, proposed in this matter. I feel that the income-tax laws in this country need a great deal of thinking about and more consideration for the needs of the average man, the man with a large family and the man who has not got an elastic income; and I believe that something ought to be done to lighten his burden because, after all, it is when the shoe really pinches that one realises what hardship means. So that when one feels that in the coming year one has to face double the amount of income-tax out of one's meagre income, one realises how many people are in the same state and how hard it is going to be to have to meet that increase in income-tax and also face the prospect of everything else going up in price. I wanted to say just that one thing so far as the Budget is concerned.

I think I will follow the example of my Honourable friend, Rai Bahadur Harbilas Sarda, and say something about the needs of my own small province, a thing which I have done year after year, but unfortunately with very little result. But I put it to you, Sir, since you are a citizen of this city, at least for a time, that the claims of this province and this city do

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deserve a certain amount of consideration at the hands of yourself and of Honourable Members of this House, and above all from those who have the power to give us what we believe is the right of this province and the people of this city. Take for instance the question of administration. It is well known that, like the province of Ajmer, this province of Delhi has no representative Council, and when these discussions about the new constitution were being broached, when the Government of India were preparing a despatch and when the Simon Commission were here, various attempts were made by the people of this province to obtain something on the lines of what the rest of the country was going to get. Before I say anything, I think it is only fair that I should pay my tribute to the extreme good fortune of this province in having Chief Commissioner like the Honourable Sir John Thompson. I believe no province could have a better, more sympathetic or able governor. At the same time I would also acknowledge that we have a Deputy Commissioner and a Chairman of the Municipality whom any city would be proud to have. But all the same good government is not self-government. It may well be asked what is the best form of government. I am not quite sure whether benevolent autocracy is after all not a better form of government than democracy. But still, as my Honourable friend Nawab Sahib Sir Abdul Qaiyum has so often said, my point is that what is considered good for the rest of India, as he would say, should be considered good for the Frontier Province. And, arguing on the same lines, I maintain that if it is decided that India should have democracy and self-government, it is not a vain claim to ask that this city, where you, Sir, live yourself and where the Government of India live part of the year, should also have something in the way of representative government . . .

Mr. N. M. Joshi (Nominated Non-Official): Who will pay for it?

The Revd. J. C. Chatterjee: Who will pay for the Frontier Province? I am not concerned with who is to pay. We do not want a very expensive form of government . . . .

Mr. N. M. Joshi: But we are concerned.

The Revd. J. C. Chatterjee: What we complain about is this; that neither the Government of India in their despatch nor the Simon Commission, nor, so far as I know, in anything that was said in the Round Table Conference discussions, was any attempt made or any kind of arrangement suggested by which Delhi was to have any kind of representative Council or any advance in that direction. My friend Rai Sahib Sarda has informed me that we are to have two Members in the Legislative Assembly. I rather doubt it. I am rejoiced to hear that statement; I had not heard it myself, but hope it is true.

Rai Sahib Harbilas Sarda: That is the recommendation.

The Revd. J. C. Chatterjee: But it has not been accepted so far as I know, I hope it is true; but even then it does not give us a representative form of Government. What we desire is, just as the Frontier Province desires, to have a Council. I wish the Frontier Province all good fortune, but I feel that we should also have something on those lines.

Nawab Sir Sahibzada Abdul Qaiyum (Nominated Non-Official): Delhi being the Imperial City and the seat of the Imperial Government you are the Government of India yourself? Why do you want a Council?

The Revd. J. C. Chatterjee: At all events, I think, that a beginning should be made, and we ought to have a Corporation for this city. Even this city of Delhi is divided into three small municipalities, so why should we not have a corporation embracing all the three parts?

Mr. R. S. Sarma (Nominated Non-Official): With a paid Chairman?

The Revd. J. C. Chatterjee: Yes, the New Delhi Municipality is going to have a paid Chairman, so why should we not have a Corporation?

Now, Sir, one instance of the indifference and apathy of Government towards us is seen in the way that they have not done anything for providing suitable communications between old Delhi and New Delhi. Is it not surprising that this city lies within three miles of the old city and yet we should not have any communications in the way of bus or tram service? Sir, proposals have not been lacking. They have been made by various firms and by various people, but Government have shown complete indifference to them, and now the only method for those who do not possess cars is to go in tongas or in ekkas or slow moving vehicles. That is one of the first things that require attention.

Next in importance comes the question of the improvement of slums. I have voiced forth that feeling here year after year. His Excellency the Viceroy himself visited our slums, and from what I understand, he said he was extremely shocked at the conditions there, and he desired that something should be done to alleviate the distress of those people living in the slum areas. Now, Sir, schemes of improvement there have been in abundance. Every year the Municipality is asked to furnish a five years programme, but nothing has so far been done. Then again nothing has been done to provide for city extension. Improvement in this direction is very necessary. The difficulty has increased mainly because the Government of India have founded New Delhi on one side, and the Kingsway settlement on the other side, and all our natural spaces for extension have been taken away. With a river blocking us one side, New Delhi on another and Civil Lines a third side, we cannot expand in any way. The Municipality went down on its knees and again and again begged Government to give them a certain amount of land which it is held belongs to New Delhi so that the poor people might build outside the city wall model tenements and dwelling houses. These schemes have been urged again and again, and nothing has so far been done. Money has not been provided, and for one reason or another the authorities in charge of New Delhi have stood in our way in getting any land out of the hundreds and thousands of acres that lie between this city and the old city.

Then again, Sir, take the question of public health. Any amount of money is poured out on the new city to improve the amenities of life. It has got the most wonderful bungalows, smiling gardens and great buildings, and it has had a wonderful inauguration. Sir, all that I do not grudge. I think it is something that India should possess so beautiful a capital. I share the pride in possessing so beautiful a city. But does it follow that the city which is next door, which has three hundred thousand people compared to the 30,000 and odd of the new city, should have none of these amenities? I wonder, Sir, if you are

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aware that a short time ago an inquiry was conducted by the Public Health Department, together with the Municipality, into the causes of high mortality in the city of Delhi, and it was found that because of the great congestion the city was reeking with tuberculosis. Various schemes were put forward for the arrest and treatment of this terrible malady. Now so many years have gone by, and Government have not provided a penny towards it. Are you aware, Sir, that there is not a single hospital in this city which specialises or makes adequate arrangements for the arrest or the treatment of tuberculosis in the earlier stages of this fell disease? Proposals have been put forward, even plans have been made, for the construction of a tuberculosis sanitarium for the treatment of cases in the earlier stages, somewhere between Old Delhi and New Delhi, and yet nothing has been done. More than that, Sir, are you aware that in the old city of Delhi which, as I said, has a population of over three hundred thousand, there is nothing like an infectious diseases hospital? Considering the number of people who come here, the only facilities that exist for the treatment of infectious cases, are two little godowns which once belonged to the Municipality and because no longer fit to be used as such, they have been turned into a hospital. Sir, I could go on citing example after example to show how the Public Health of this city has been neglected, how this question has been treated with apathy; but I do not propose to multiply instances.

Then again, Sir, take the question of education. I begin from the top. We have got an institution called the University of Delhi. I was gratified to find the amount of interest that was taken by this House when they were asked to elect two Members on the Court of the University. But, Sir, is that interest enough? It is for the House to take a special interest in the University, because it was created by an Act of this House. That University was created with very high aims and with very high ideals. We were told that we were going to have a unitary and teaching university such as would be an ideal and an example for the other universities in this country. What has happened, Sir? All that we have secured within these ten years is perhaps two or two and half University Readers, who do a certain amount of teaching in the colleges, and a university office still in rented buildings which has to go from one building to another until it is turned out by the landlord. That is what our university at present amounts to. Four years ago I think—I am not absolutely certain of the date—but almost four years ago, a Committee of inquiry was set up to inquire into the needs of the University of Delhi. I believe that Committee, after a certain lapse of time, presented its Report. I ask, Sir, what action has been taken on that Report? We have been vaguely told that scheme after scheme for the improvement of the University has been made, but I have not heard of anything being done in practice. The University still remains practically a toy, and it seems to me that it is not a toy worth playing about with, because those who took a great interest in its initial stages seem that it is not worth playing with. Sir, I ask if this University is to be maintained, it must be either mended if it can be mended, or if it cannot be mended, it would be better to end it.

The same thing can be said about secondary and primary education in this small province. We have had for many years what is called a five years' programme. A five years' programme has been worked out, and

at the expiry of each period of five years it is re-worked out. Schemes were put forward for the establishment of new schools for the introduction of compulsory education, but there is nobody to work that programme, and it has never been worked. Moreover funds are not provided for carrying out the programme. I ask, Sir, is it just and right that at least in this New Delhi, where so many educated people live, and which ought to be the centre of light and civilization, compulsory education has not yet been enforced? Not only that. There are hardly more than two primary schools in this city—and people cannot get their children into schools, because there is no space. Villagers all round Delhi are quite ripe for the enforcement of compulsory primary education, but no funds are forthcoming. That is the state of affairs under the very eyes of the Government of India. I ask, when people probably envy our luck for having been elevated into the capital city of India, do they realise that we have gained very little, probably lost more? Sir, these are the things that I want to bring to your notice. I hope that the scarcity of funds will not be urged, as it is always urged, by way of excuse for not giving us money for the nation-building departments.

Take, again, the fact that while our province remains so small the condition of our youth is in some ways very unfortunate. They are not able to get admission to any professional colleges. If we want to send them to the Engineering College at Roorkee, we are told that they do not belong to their province. If our boys want to go to the Medical College at Lahore, there, again, admission is most woefully restricted. Some time ago, the Municipal Committee of Delhi made representations to the Government saying that none of the students of Delhi are ever able to get admission into the Sub-Assistant Surgeon class, a most useful body of public workers who are really required by the general population. After some representation, the Medical School at Amritsar agreed to reserve three places for the province of Delhi, but they said that the cost of education of those three men should be borne by the Delhi Administration. Now, that was a fair demand from their point of view, and, of course, the money would have to come from the Central revenues, because Delhi has not an independent Budget of its own. But what happened? Government said that they were not able to find even these few hundreds of rupees which would give the city a chance of getting three Sub-Assistant Surgeons trained each year. The same thing happens in other professional colleges. And even when the men come out of the colleges, they cannot get admission into the provincial and other services in other provinces. There is no separate cadre in Delhi. Our cadre is recruited from the United Provinces and the Punjab, and officers come from there, as they naturally would. But when a young man of Delhi tries to seek admission into any of the posts outside, to any of the services, he is turned down because of local prejudice being against him. I quite understand it. The services being as full as they are, the other provinces want to get in their own men, but I ask what is going to happen to our young men in Delhi? They cannot get professional education, and even if they do get professional education somewhere, what is the prospect that they have before them? All this points to one solution, namely, that Delhi ought to have a reasonable sized province of its own, where its people could have scope for their legitimate aspirations and ambitions, failing that it should be merged into either the Punjab or the United Provinces. Probably, the whole thing turns on that, because at present we must have a major admi-

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nistration which is able to look after its people, and with a major administration, will also come the benefits or otherwise of democracy and self-government.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I offer my congratulations to the Honourable the Finance Member for what he calls a balance Budget, which he has submitted to this House. The deficit, according to him, was about Rs. 14 crores, and he proposes that that amount should be made up by increased taxes on income and also by increased Customs duties. But, I may point out that he has taken credit for Rs. 5 crores and odd from the Railway Budget, and as this House well knows, the railways have not made any profits this year, and the five crores of rupees which the Railway Budget has to pay to the General Budget is to come out of the savings of past years. As the sum of five crores has not been earned this year, the total deficit, so to say, comes to about Rs. 19 crores, out of which Rs. 5 crores is taken from the savings. So that, the Budget is really not a balanced Budget, as it takes credit for Rs. 5 crores from savings. This state of things is to continue next year also because the Railway Administration do not expect to make any profits even this year, and another Rs. 5 crores will be paid out of the balances towards the general revenues. I congratulate the Honourable the Finance Member for not covering the expenses by borrowing as some Provincial Governments appear to have been doing this year.

Sir, although the Honourable the Finance Member makes a very great virtue of having brought about retrenchments, and also wants to earn the goodwill of this side of the House by the promise of a Retrenchment Committee, I beg to submit that this House should not accept such a bait. The bait, of a Retrenchment Committee is very enticing, I may say, and many of us may be induced to nibble at it. The result will be that those who are to put on that Committee will perhaps come to admit by the sweet words and the phalanx of figures that will be marshalled before them by the heads of Departments, that no retrenchment is possible without sacrificing efficiency and good government and what not. In that way those Members of this House who will be on that Committee may perhaps turn themselves into advocates and support the high expenditure of Government and may not be of much use in the cause of real economy. I ask the Honourable Member not to press this proposal of a Retrenchment Committee. Members on this side of the House will not be able to point out where to apply the scissors, and therefore their deliberations will be abortive and of no practical value. It is the Government who ought to know where the retrenchment can be effected. The present administration may be very efficient, and all the various departments and the officers that are occupying the various offices may be very necessary from the point of view of the modern system of government. But at the same time, I may point out that India is a poor country and cannot afford this highly expensive administration. Therefore, even if there be some little loss of efficiency, retrenchment has become necessary and the Government ought to put their shoulder to that work. They cannot expect the Honourable Members on this side of the House to help them in that respect. The Government have got adequate knowledge. I may venture to point out that for that purpose they should

take into consideration the number of Departments and offices and officers who were in existence when the reforms came into operation in 1921, and also similar statistics for the year 1923, and compare that with the present number of officers in the various Departments. These Departments have been growing from year to year, and fat jobs have been found for persons who are now holding certain offices. Department after Department has been created and the expenditure of Government has been growing from year to year. As I pointed out, India is not a country which can afford all this expenditure. It is admitted on all hands that the services in India are more lavishly paid than the corresponding services in any other part of the globe. Even in England the officers are not paid so lavishly, although England is a very rich country and India is poor. Not only that, but at the time of the Montagu-Chelmsford reforms, new offices were created and different sources of expenditure were explored and found out. I may point out from my experience of the Bombay Presidency how these expenses are gradually piled up. As an instance, the Government of Bombay was carried on by the Governor with the assistance of three Executive Councillors in 1920. In 1921, when the reforms came into operation, their number was at once increased to 7,—4 Executive Councillors and 3 Ministers.

(At this stage Mr. President vacated the Chair, which was taken by Maulvi Muhammad Yabub.)

One may wonder what was the justification for these additional men. The work in the previous year was done by only three men and at least half of that work was transferred to the three Ministers that were newly appointed under the reforms. The remaining work was distributed among four Executive Councillors. The excuse for additional Councillors was that the Indian Civil Service had certain expectations of promotion and those expectations had to be kept up. Under this pretence, heavy expenditure was saddled upon that Government. I give this as an instance of how things have been going on, and although there has not been enough work for all of them and the work could easily be done by two, the full strength is kept up up to the present time and even in this year of deficit Budget, the Government do not think of retrenching any of the posts. In the same way, I presume there are certain offices in the Government of India also, which can be retrenched without any serious loss of efficiency and Government ought to take care to see that real retrenchment is effected. My friend, the Member from Bombay, Sir Cowasji Jehangir, has already pointed out how the retrenchment of 1,75 lakhs in the Army Budget has been brought about. In fact, it is no real retrenchment at all, and every one on this side is not satisfied with that amount of retrenchment. Even if we grant, for argument's sake, that there has been retrenchment of 1,75 lakhs in the Army estimates, we on this side say that that is not enough. The Army can afford at this critical time a larger saving for the benefit of the general revenues. I am quite sure that if the Honourable the Finance Member and the Commander-in-Chief will sit together with a desire to effect real retrenchment in the Army estimates, they will very easily be able to show a substantial reduction in expenditure. There is no other way in which retrenchment can be effected. Financial stringency is a disease which is an epidemic at this time in all the countries of the world and what are the remedies that have been prescribed to combat it? In Italy, there has been a general cut of about 10 to 12 per cent. In England also I learn that there has been a general cut. Yesterday, I

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read in the papers that the Parliament of Australia have adopted a Resolution calling upon the Federal Governments drastically to reduce the cost of government and relieve the industries of their statutory burdens and reduce the interest charges. Some such Resolution ought to be passed on this side of the House and the Government should respond to the request of this House in effecting some such very severe cuts. I need not say anything more about high salaries that have been given and about the increments that were made under the recommendations of the Lee Commission. That has become almost a scandal, and Indian people are very dissatisfied with the heavy burdens that were laid on them, which are not at all necessary, now that the prices of commodities have gone down so much. Government should also consider this aspect. At the same time I agree with my friend from Madras that promises once given should be kept up and therefore I call upon the various services to come to the help of poor India in this financial crisis and accept a cut of their own free will. As regards the heavy burdens that have been laid upon the people under the scheme of the Finance Member by his proposal to raise the Customs duties and enhance the income-tax, I may point out that some of the items are going to affect very poor people. Small merchants, who were not doing well during the past year or two and whose condition may not improve in the immediate future, will have to be afforded some relief. That will be very necessary for them. The Finance Member has not effected any retrenchment and he has been trying to make up the deficit by a levy of additional taxation. As has been pointed out by the previous speakers, that taxation is already very heavy and the proposed addition will add to the burden and will leave no room for future expansion under the new Government that is promised us in a year or two.

4 P.M.

Sirdar Harbans Singh Brar (East Punjab: Sikh): I feel that I cannot congratulate the Honourable the Finance Member on the new additional taxation that has been put on the already overburdened peasantry of India who have during the last 160 years of British Rule been reduced to skeletons, although I would like to appreciate his services to the elected members of the Standing Finance Committee in the help he rendered us in cutting down and overthrowing certain new items of expenditure, which otherwise we would not have been able to do. As regards Mr. Sher Muhammad Khan's remarks that the words of my friend Mr. Sant Singh insulted the Muhammadan community and that they felt aggrieved, I am very sorry he took it in that light. I think Mr. Sant Singh never meant any insult by repudiating the charge that the Sikhs are bats. We all recognise the gallant services of the Muhammadan community in the cause of the King and the country and have no desire to minimise their importance that every community has its useful function to fulfil and that all communities should co-operate towards that end.

The military service of the Sikhs should not go by the board. The Sikhs contributed in the Great War one-fifth of the total recruited in the Punjab, though they are only 12½ per cent. of the population, and one-eighth of the whole of India where their population is only 1 per cent. They fought in all the important battle-fields of France, Gallipoli, South Africa, the North West Frontier Province, China and so on. And their stake in the country is not inferior to that of any other community as pioneers in agriculture, engineering and in other spheres of life. We must

try to be a nation of some importance, and get the best material for the Army from the different martial communities to fight the battles of the motherland. While you have good material available in India, mathematical calculations should not be adopted for all the communities but the best material from the martial races should be given preference. In the political field we may not always be ruled by the best brains of the nation, because the present party system of Government rules that out of order, but where defence of the country is concerned, there should be no party or communal interests to be taken into account. The quality is the only thing which should matter, and I would demand speedy Indianisation of the Army because enough material is available.

Now, Sir, about the Budget generally, I must say that the Indian peasant is already over-taxed. He is unable to bear any further additions to taxation. The majority of them for some years past have been unable to pay the land revenue charges, and a good many of them do not get even a full meal a day. The produce of the land has gone low, and the prices have come down to nominal sums. Lord Curzon spoke of the little power of resistance of the people of India in a famine. But how can you have resistance when you have low vitality, and you must have low vitality when you have starvation. The lot of the peasants can be bettered by abolishing the land revenue system now adopted and by adopting a system of taxation on income, because now many of them have to pay large amounts of money when they do not get any income from the land. I myself this year had to pay a good many hundreds of rupees while I did not get a penny from some of my lands. This aspect of the question I think needs careful consideration, though it may be pleaded that the land revenue is a provincial subject, but the Government of India governs the policy to a great extent and can influence the provincial decision. Another way of helping them would be by increasing the rural communications and by reducing railway freight rates and by facilities for finding markets for the produce of their land. Another way would be the provision of water lift by electricity and so on, just as the Punjab Government is trying to do. And in years of emergency like the present, I think the Government should try rather to decrease their expenditure instead of increasing it by new taxation. I think, if I may say so without presumption, we all feel about the extravagance of the Government of India; there is ample evidence about that, and there is a strong case for reducing expenditure.

Mr MacDonald, being a representative of the poor labouring classes of England, was naturally struck most by the poverty of the masses and the extravagant character of the administration, and he wrote:

"Nobody who has seen India and the conditions of Indian Government will deny that there is a great extravagance. The European service is extravagant, the conditions under which it rules are extravagant, the cost of Simla, Ootacamund and other hill stations is extravagant, the expenditure on official residences and other paraphernalia is extravagant. Nine-tenths of the charge of the Army in India is an Imperial charge. Canada, South Africa and Australia should bear it as much as India. It is a piece of most bitter cynicism to find the Imperial doors of our colonies shut in the faces of these poor people who bear such an inordinate share of the cost of Imperial maintenance and at whose expense these Dominions are protected from the fear of war.

The personal extravagance of our rulers and officials can be seen by the eye . . . When there is no personal extravagance, every Englishman employed to do work for which an Indian is fitted is a burden upon the Indian tax-payer."

[Sirdar Harbans Singh Brar.]

I submit, Sir, that the system of overseas pay and passage allowances is extravagant when you bear in mind the enormously high salaries of the officials. America is perhaps the richest country at present, but what do the members of her Cabinet get? The Chief Minister, the Secretary of State in the United States Cabinet gets only £2,500 a year. What does the German Federal President get? £6,000 a year, and Ministers of the Cabinet get much less. And what do our Members of the Government here get, not to speak of the pay of the Governor General, who is the highest-paid official in the world? The Under Secretaries in the British Government and certain Ministers of the Cabinet get about £2,000 and £2,500 a year—and here there are Deputy Commissioners and Sessions Judges in their hundreds and thousands, Assistant Secretaries, Joint Secretaries and so forth who get sometimes double and treble of the pay of these Ministers and Under Secretaries in England and other European and American States. Even the British Cabinet agreed to a reduction in salary in the case of its members, but nothing is considered desirable in India. The whole system of administration needs complete overhauling and thorough and searching inquiry. Now as regards a Retrenchment Committee, what the Inchcape Committee did, the Lee Commission undid, and we have to be careful about that. The Retrenchment Committee will not be able to do anything unless the railway expenditure and the army expenditure are brought under its review, because the extravagance of the two Departments is very high. To spend a single pie of the public purse beyond the absolute minimum of necessity is a dereliction of duty and a breach of sacred trust for which we cannot find a parallel. Lord Morley had remarked that, "The moral and intellectual conditions are not the only motive forces in a community, nor are they even the most decisive. Political and material conditions set the limits at which speculation can do either good or harm". And I think now that limit is reached, when the political and material conditions of India have fixed that limit where speculation can do only harm, and it is time that the Government should take heed of it lest the harm is done.

Any more taxation on the poor people of India will do harm rather than good. By inflicting this new taxation you are not turning the non-co-operators into co-operators but the co-operators into non-co-operators. It is time that you took heed of it lest the harm is done.

The question now on all these accumulated matters is whether you will choose to abide by profitable experience or a mischievous theory, whether you will choose to build on imagination or facts; whether you prefer enjoyment, or hope for satisfaction among your subjects or discontent.

Mr. Jagan Nath Aggarwal (Jullundur Division: Non-Muhammadan): Sir, in order to appreciate the full extent of the gravity of the financial situation, you have to take your mind back to the last year's Budget which the Honourable the Finance Member introduced. At that time he was faced with a deficit of 5½ crores and he budgeted for a surplus of 86 lakhs. Additional taxation was proposed to provide for the 5½ crores and custom duties and income-tax were raised. The net result of all that has been that, in spite of these additional duties, we are worse off by 13·56 crores. The net result of all the duties imposed has been that, owing to

the world depression, economic causes, the civil disobedience movement and many other factors, we have got to face a deficit in the last year's estimates. When the present financial statement is presented we have a still sorrier picture. We have for this year, according to the Honourable the Finance Member, to provide for a loss of practically 18 crores odd, out of which by retrenchment he provides 4 crores odd and the balance 14½ crores is met by additional taxation. In all conscience it appears that nearly 20 crores of rupees have been provided for by additional taxation within these two years. At a time when there is economic depression, and there is loss of wages and of all incomes, this deficit will affect everybody in the country. Now, how do we find the Honourable the Finance Member meeting the situation? We find, in the first place, that there is an attempt to reduce the Military Budget. A word with regard to this. We find that practically this Military Budget has been stabilised at 55 crores. We have extended the present provision for a year more and we just get a few lakhs. Taking all factors into consideration, we find that the reduction is mostly due to the fall in prices. There is, in fact, no real reduction in the Military Budget because it has been stabilised at that figure and is beyond the control of the Finance Member. The reductions that are mostly summarised on page 23 of this Memorandum are practically attributable to the fall in prices, so that we are practically where we were. In this connection, I might as well draw the attention of the House to what has been said by the Simon Commission on this subject of the military expenditure. In Volume II of the Simon Commission's Report we find the following on page 216:

"An outstanding feature of this summary is the high proportion (62½ per cent.) which current expenditure on defence bears to the total expenditure of the Central Government—a higher proportion in fact than in any other country in the world."

Then, further on, they say:

"But apart altogether from the question of other forms of expenditure in India, the defence charge is undoubtedly high. A recent comparison of the military expenditure of the nations of the world shows that in this respect India is seventh on the list among the Great Powers" (*and that I submit without being a Great Power or any Power at all*) "and that her expenditure on armaments is between two and three times as great as that of the whole of the rest of the Empire outside Great Britain. Again, the total is not only high in itself and as compared with other countries, but it has also greatly increased as compared with the pre-war situation. India, in fact, has not obtained any relief from the greater sense of world security, which has succeeded the World War. On the contrary, her defence expenditure has risen even after allowing for the rise in prices and has grown more rapidly than in other parts of the Empire. This is apparent from the following figures quoted by Mr. Jacobsson in the summary already mentioned:

Great Britain's expenditure is increased by 48 per cent., India's by 100 per cent. and that of the Dominions by 33 per cent."

I submit with all respect that in a matter of this kind when the Military Budget was stabilised at 55 crores at a time when the prices were high, real economy was possible in various directions as has been suggested from the various quarters of the House.

I would like to say one word with regard to a matter to which we may look forward with some gratification. That is the question of the Indianisation of the Army. In spite of what had been urged in this House and outside, the Indianisation of the Army was as distant an event as ever. The recent announcement by His Excellency the Commander-in-Chief in the other House has, however, made it a question of practical politics.

[Mr. Jagan Nath Aggarwal.]

We find now that a real effort is going to be made to start an Indian Sandhurst and to take steps to Indianise the Army within a reasonable time. That is a matter for gratification, and we are all indebted to the Army Department for what they have promised to do in this connection. In this connection a suggestion was made by a Member who comes from my province with regard to the claims of the military classes. This question of military classes if it had come from any other Member would have been left severely alone as being one of those fallacies that are often paraded in this country. But coming as it does from an Indian who belongs to my province, it requires more than a passing notice. We know of castes: Manu graded them into four. But if this is intended to be a fifth one, certainly I must object to it. If my friend's point is: Here are the military classes that have supplied men to the Army, and that they are more fitted for the army of the future, by all means take them, and we value their assurance that they will be there in larger numbers. They are welcome to it. But if he maintain that, because they are now in the army which is raised by the British Government, therefore more posts should be reserved and earmarked for them, otherwise India will not have a proper defence, then I beg to differ from him. There is no point in this, because the army of the future is not going to be the army of the martial classes and so on and so forth. The whole nation is going to bear the burden. So far as any exclusive claim to military traditions and so forth is concerned, may I remind my Honourable friend opposite that, before the Punjab was annexed, the British conquered the rest of the country without the help of the Punjabi Mussalmans? Was it not with the help of classes other than those coming from the Punjab that the British Government fought with the Mahrattas and also conquered Bengal? They also fought Tippu Sultan and various other rival powers in this country without the help of the Punjabi Mussalmans. Therefore we should not make much of these military classes who seem to have a monopoly of military posts and seek to debar the rest of the population from coming in.

One word, Sir, with regard to the retrenchment on the civil side. Here also, Sir, except with regard to the retrenchment in minor matters, such as the abolition of a few chaprasis' posts, stationery and so on, we do not find any evidence of retrenchment on any satisfactory scale. One might as well have taken note of the fact that the remuneration of the services had increased considerably owing to the recommendation of the Lee Commission and other Commissions due to the rise in prices. But since the prices have come down, since the fares have been reduced, since the shipping companies are not charging as much as before, it was time at any rate that these concessions which have been extended to these services, and other heavy charges, were done away with. But we find nothing of the kind. That is a very unsatisfactory matter. On this topic one is almost grateful to Providence, one might say, for a windfall which the Honourable the Finance Member had and one is happy to find that he made use of it for civil aviation. Out of this windfall of 54 lakhs, he made provision for civil aviation, by means of which Government would be running an aerial service for carrying of mails and passengers from Karachi to Delhi and from Delhi to Calcutta and this will include the lighting up of the way from Karachi to Delhi. Details of this were supplied to us on

the Finance Committee, and I am very happy indeed that this windfall has enabled the Honourable the Finance Member to make this provision and as a part of which we also learn that arrangements have been made to take Indians as pilots in the service.

Now, Sir, the Honourable the Finance Member drew cheers from this side of the House by the mention of a Retrenchment Committee. I am afraid, Sir, I am not one of those who are very enamoured of these retrenchment committees. The Retrenchment Committee is supposed to consist of five persons chosen by this House without any outside expert and without any wide terms of reference. I am afraid, Sir, this Retrenchment Committee would be like a Committee which would be asked by the Honourable the Finance Member to peep into his whole financial machine, into his financial house and be able either to say ditto to the suggestions of the Finance Department or make some paltry cuts here and there. I submit the gravity of the situation demanded a much more drastic remedy, something in the nature of another Inchcape Commission to go into the expenses not only of the Central Government but also of the Provincial Governments as well. You cannot pay an all-India service man differently in the centre than in the provinces and have different scales of pay for him. This is a very important question which should have been tackled properly.

Now, Sir, coming to the taxes that have been imposed, one or two items require a little notice. Additional duties have been proposed on sugar and silver. These two commodities suffer at present from overproduction, as it were. There is more sugar in the world than we want and more silver than we want. With regard to the silver duty, last year the Government of India levied an additional duty. My Honourable friend finds people have borne very cheerfully the last year's duty and so he has added more. What is the situation? This silver duty is a very ticklish affair, because you are creating an artificial price in this country for people who want to buy silver. Now, as a matter of fact the position is this, people buy silver in this country. It is practically their hoarding and their ornaments and in times of distress they bring it back to the market and dispose of it. It is, so to say, their savings bank department without any interest. The Government hold silver in their coffers and they now want to get rid of it. The position is, by levying this duty, you are raising the price of silver. The Government will be finding a better market to dispose of their surplus silver and in a year or two, the duty will be taken off and the man who had bought his silver will find the prices have come down by the amount of duty or a little more so that all his hoardings would be lower in value by the amount of duty. This is very unfair to the poor man.

An Honourable Member: It will appreciate.

Mr. Jagan Nath Aggarwal: I do not know. My Honourable friend suggests it will appreciate. The duty having gone down and the production of silver being more than what could be ordinarily consumed, this artificial increase in value will disappear. Government will have got rid of its stock. This poor man has no means of raising the price.

Now, Sir, with regard to sugar, the duty is, one might say, terrible. It has added in all Rs. 7-4-0 a cwt. Now, Sir, the cost of the commodity from outside is in the neighbourhood of Rs. 4 odd and we levy more than the cost price in the way of duty. Now, Sir, my Honourable friend has

[Mr. Jagan Nath Aggarwal.]

placed in our hands the Report of the Tariff Board and we find therefrom that they propose for a period of 15 years a measure of protection for the sugar industry and they provide various other schemes and make various other suggestions for the improvement of the sugar industry, principally the various varieties of cane which would yield a large amount of juice and up-to-date methods of making sugar. Now, Sir, we have to pay about 9 crores odd for the sugar that we import and consume. If the net result of this duty was to get rid of this foreign import and to keep these 9 crores of money in this country, I would not have any grievance. I am sorry to find that with this artificial bar that we are raising in the way of sugar, no attempt has been made to deal with the problem as a whole. We are neither in the advantageous position of a modern country, providing for making sugar in a central place having most up-to-date machinery and so on, just as the Java people are doing, nor have we the old fashioned attempts being brought up-to-date and having the sugar making plant distributed all over the country wherever cane is produced. Therefore we are taking no steps under this head to do away with foreign competition that we are having, with the money that we are raising from sugar. We find that the area under cane in India is sufficient to supply all the cane sugar that we need for normal consumption.

Now, Sir, passing from this topic, we come to the most troublesome tax that has been imposed, that is income-tax. From the Memorandum that was supplied to us, we do not know whether it was deliberately intended or whether it was by accident, we do not find the full weight of income-tax increase disclosed that is felt by the people. The House will notice at page 46 of the Memorandum supplied to us by the Financial Secretary, we have a scale of increase in income-tax. The man with Rs. 2,000 income previously paid Rs. 52, but now he will pay Rs. 93 odd, an increase of Rs. 41, which means something like 79 per cent. increase. Now, Sir, the Rs. 5,000 man will similarly pay an increased tax of 83 per cent. more, that is from Rs. 156 to Rs. 286. The Rs. 10,000 man will pay similarly from Rs. 468 to Rs. 729, an increase of 64 per cent. and so on. The increase in income-tax is thus very high indeed. The increase is something from 43 per cent. to 79 per cent. Now, Sir, in these years of trade depression, when business of all kinds is very dull, the demand of the House is that salaries should be brought down, because the salaried man with a fixed salary is better off owing to the slump in prices of commodities. The Honourable the Finance Member has gone one step further. He has taxed everybody, whether his income was stationary or whether his income was bad, he has to pay income-tax, everyone on that scale. I submit this income-tax touches the middle classes, the ordinary classes, very severely indeed. The increase in the income-tax is unprecedented. It was remarked in one of the newspapers that this was a Swadeshi Budget, but I am afraid it is nothing of the kind. It is no Swadeshi Budget. It is a Budget which deals only with two things, with Customs and with income-tax and this Budget, if I may say so, hits the urban classes, it hits the middle classes, and certainly should not be to the interest of anybody to tax those classes very severely at a time when they are already feeling the pinch of the fall in wages, unemployment and distress on all sides. One can naturally ask why things like matches and tobacco, which are the sources of revenue should have been left by the Honourable the Finance Member without any tax. As it

is, what do we find? We find additional duty on kerosene and on various articles of daily use. We find that everything in the family budget of the ordinary householder has been touched.

(At this stage Mr. President resumed the Chair.)

The only thing that has not been taxed is that you can conveniently die. If you want to live, you have to pay taxes all round, but you can die in peace and that is the only thing.

An Honourable Member: Death duties.

Mr. Jagan Nath Aggarwal: That has not come in yet, but it may come. At present the only thing that you can do without being taxed is to die in peace. I am afraid, Sir, one cannot see much virtue in a situation like this, but I am sorry to find that the Finance Member has hit the middle classes very severely indeed.

STATEMENT *RE* RESULT OF CONVERSATIONS BETWEEN H. E. THE VICEROY AND MAHATMA GANDHI.

Mr. President: Order, order.

Gentlemen, the Honourable the Leader of the House has handed over to me a statement issued by the Governor General in Council regarding the results of the conversations between His Excellency the Viceroy and Mahatma Gandhi. I am sure Honourable Members will be anxious to know the terms of this settlement and I therefore propose to read them out to you:

"(1) Consequent on the conversations that have taken place between His Excellency the Viceroy and Mr. Gandhi, it has been arranged that the Civil Disobedience Movement be discontinued, and that, with the approval of His Majesty's Government, certain action be taken by the Government of India and Local Governments.

(2) As regards constitutional questions, the scope of future discussion is stated, with the assent of His Majesty's Government, to be with the object of considering further the scheme for the constitutional Government of India discussed at the Round Table Conference. Of the scheme there outlined, Federation is an essential part; so also are Indian responsibility and reservations or safeguards in the interests of India, for such matters as, for instance, defence; external affairs; the position of minorities; the financial credit of India, and the discharge of obligations.

(3) In pursuance of the statement made by the Prime Minister in his announcement of the 19th January 1931, steps will be taken for the participation of the representatives of the Congress in the further discussions that are to take place on the scheme of constitutional reform.

(4) The settlement relates to activities directly connected with the Civil Disobedience Movement.

(5) Civil Disobedience will be effectively discontinued and reciprocal action will be taken by Government. The effective discontinuance of the Civil Disobedience Movement means the effective discontinuance of all activities, in furtherance thereof by whatever methods pursued and, in particular, the following:

(1) The organised defiance of the provisions of any law.

(2) The movement for the non-payment of land revenue and other legal dues.

(3) The publication of news-sheets in support of the Civil Disobedience Movement.

(4) Attempts to influence civil and military servants or village officials against Government or to persuade them to resign their posts.

(6) As regards the boycott of foreign goods, there are two issues involved, firstly, the character of the boycott and secondly, the methods employed in giving effect to it. The position of Government is as follows. They approve of the encouragement of

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Indian industries as part of the economic and industrial movement designed to improve the material condition of India, and they have no desire to discourage methods of propaganda, persuasion or advertisement pursued with this object in view, which do not interfere with the freedom of action of individuals, or are not prejudicial to the maintenance of law and order. But the boycott of non-Indian goods, (except of cloth, which has been applied to all foreign cloth) has been directed during the Civil Disobedience Movement chiefly, if not exclusively, against British goods, and in regard to these it has been admittedly employed in order to exert pressure for political ends.

It is accepted that a boycott of this character and organised for this purpose will not be consistent with the participation of representatives of the Congress in a frank and friendly discussion of constitutional questions between representatives of British India, of the Indian States, and of His Majesty's Government and political parties in England, which the settlement is intended to secure. It is, therefore, agreed that the discontinuance of the Civil Disobedience Movement connotes the definite discontinuance of the employment of the boycott of British commodities as a political weapon and that, in consequence, those who have given up, during a time of political excitement, the sale or purchase of British goods must be left free without any form of restraint to change their attitude if they so desire.

(7) In regard to the methods employed in furtherance of the replacement of non-Indian by Indian goods or against the consumption of intoxicating liquor and drugs, resort will not be had to methods coming within the category of picketing, except within the limits permitted by the ordinary law. Such picketing shall be unaggressive and it shall not involve coercion, intimidation, restraint, hostile demonstration, obstruction to the public, or any offence under the ordinary law. If and when any of these methods is employed in any place, the practice of picketing in that place will be suspended.

(8) Mr. Gandhi has drawn the attention of Government to specific allegations against the conduct of the police, and represented the desirability of a public enquiry into them. In present circumstances, Government see great difficulty in this course and feel that it must inevitably lead to charges and counter-charges and so militate against the re-establishment of peace. Having regard to these considerations, Mr. Gandhi agreed not to press the matter.

(9) The action that Government will take on the discontinuance of the Civil Disobedience Movement is stated in the following paragraphs:

10. Ordinances promulgated in connection with the Civil Disobedience Movement will be withdrawn.

Ordinance No. 1 of 1931 relating to the terrorist movement does not come within the scope of the provision.

11. Notifications declaring associations unlawful under the Criminal Law Amendment Act of 1908 will be withdrawn, provided that the Notifications were made in connection with the Civil Disobedience Movement.

The notifications recently issued by the Burma Government under the Criminal Law Amendment Act do not come within the scope of the provision.

12. (i) Pending prosecutions will be withdrawn if they have been filed in connection with the Civil Disobedience Movement and relate to offences which do not involve violence other than technical violence or incitement to such violence.

(ii) The same principles will apply to proceedings under the security provisions of the Criminal Procedure Code.

(iii) Where a local Government has moved any High Court or has initiated proceedings under the Legal Practitioners' Act in regard to the conduct of legal practitioners in connection with the Civil Disobedience Movement, it will make application to the Court concerned for permission to withdraw such proceedings provided that the alleged conduct of the person concerned does not relate to violence or incitement to violence.

(iv) Prosecutions, if any, against soldiers and police involving disobedience of orders will not come within the scope of this provision.

13. (i) Those prisoners will be released who are undergoing imprisonment in connection with the Civil Disobedience Movement for offences which did not involve violence, other than technical violence, or incitement to such violence.

(ii) If any prisoner who comes within the scope of (i) above has been also sentenced for a jail offence, not involving violence, other than technical violence, or incitement to such violence, the latter sentence also will be remitted, or if a prosecution relating to an offence of this character is pending against such a prisoner, it will be withdrawn.

(iii) Soldiers and police convicted of offences involving disobedience of orders—in the very few cases that have occurred—will not come within the scope of the amnesty.

14. Fines which have not been realised will be remitted. Where an order for the forfeiture of security has been made under the security provisions of the Criminal Procedure Code, and the security has not been realised, it will be similarly remitted.

Fines which have been realised and securities forfeited and realised under any law will not be returned.

15. Additional police imposed in connection with the Civil Disobedience Movement at the expense of the inhabitants of a particular area will be withdrawn at the discretion of local Governments. Local Governments will not refund any money, not in excess of the actual cost, that has been realised, but they will remit any sum that has not been realised.

16. (*a*) Moveable property, which is not an illegal possession and which has been seized in connection with the Civil Disobedience Movement under the Ordinances or the provisions of the Criminal Law, will be returned, if it is still in the possession of Government.

(*b*) Moveable property forfeited or attached in connection with the realization of land revenue or other dues will be returned, unless the Collector of the District has reason to believe that the defaulter will contumaciously refuse to pay the dues recoverable from him within a reasonable period. In deciding what is a reasonable period, special regard will be paid to cases in which the defaulters, while willing to pay, genuinely require time for the purpose, and if necessary, the revenue will be suspended in accordance with the ordinary principles of land revenue administration.

(*c*) Compensation will not be given for deterioration.

(*d*) Where moveable property has been sold or otherwise finally disposed of by Government, compensation will not be given and the sale proceeds will not be returned, except in so far as they are in excess of the legal dues for which the property may have been sold.

(*e*) It will be open to any person to seek any legal remedy he may have on the ground that the attachment or seizure of property was not in accordance with the law.

17. (*a*) Immoveable property of which possession has been taken under Ordinance IX of 1930 will be returned in accordance with the provisions of the Ordinance.

(*b*) Land and other immoveable property in the possession of Government, which has been forfeited or attached in connection with the realization of land revenue or other dues, will be returned unless the Collector of the district has reason to believe that the defaulter will contumaciously refuse to pay the dues recoverable from him within a reasonable period. In deciding what is a reasonable period special regard will be paid to cases in which the defaulter, while willing to pay, genuinely requires time for the purpose, and if necessary, the revenues will be suspended in accordance with the ordinary principles of land revenue administration.

(*c*) Where immoveable property has been sold to third parties, the transaction must be regarded as final, so far as Government are concerned.

Note.—Mr. Gandhi has represented to Government that according to his information and belief some at least of these sales have been unlawful and unjust. Government on the information before them cannot accept this contention.

(*d*) It will be open to any person to seek any legal remedy he may have on the ground that the seizure or attachment of property was not in accordance with the law.

18. Government believe that there have been very few cases in which the realization of dues has not been made in accordance with the provisions of the law. In order to meet such cases, if any, local Governments will issue instructions to District Officers to have prompt enquiry made into any specific complaint of this nature, and to give redress without delay if illegality is established.

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19. Where the posts rendered vacant by resignations have been permanently filled, Government will not be able to reinstate the late incumbents. Other cases of resignation will be considered on their merits by local Governments who will pursue a liberal policy in regard to the re-appointment of Government servants and village officials who apply for reinstatement.

20. Government are unable to condone breaches of the existing law relating to the Salt administration nor are they able in the present financial conditions of the country to make substantial modifications in the Salt Acts.

For the sake however of giving relief to certain of the poorer classes, they are prepared to extend their administrative provisions, on lines already prevailing in certain places, in order to permit local residents in villages, immediately adjoining areas where salt can be collected or made, to collect or make salt for domestic consumption or sale within such villages, but not for sale to, or trading with, individuals living outside them.

21. In the event of Congress failing to give full effect to the obligation of this settlement, Government will take such action as may in consequence become necessary for the protection of the public and individuals and the due observance of law and order."

The Assembly then adjourned till Eleven of the Clock on Friday, the 6th March, 1931.